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ACTIVE STATE EMPLOYEE BENEFITS GUIDE

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INTRODUCTION

STATE OF KANSAS

ACTIVE STATE EMPLOYEE BENEFITS GUIDE

This guide provides information regarding State of Kansas employee benefits. Each employee benefit has its own enrollment period and enrollment/eligibility rules. Please refer to the section for each employee benefit for specific information.

This guide should be read carefully and retained for reference. If there are additional questions, the employee should contact their Agency Human Resources Office.

NOTE: This guide contains information which is current as of NOVEMBER 1, 2002; however, benefit information is subject to change without notice. If this document is in paper form, for the most current and complete benefit information, refer to the website address listed below:

http://da.state.ks.us/ps/documents/default.htm. Go to this website and click on: Employee Benefits Guide (Active Employees)

OR

Go straight to: http://da.state.ks.us/ps/documents/benguide.pdf. This address takes you directly to the Benefits Guide.

Note: The information in this guide is intended to summarize the benefits offered in language that is clear and easy to understand. Every effort has been made to ensure that this information is accurate. It is not intended to replace the legal plan document or contract which contains the complete provisions of a program. In case of any discrepancy between this guide and the legal plan document or contract, the legal plan document or contract will govern in all cases. An employee may review the legal plan document or contract upon request. The State of Kansas reserves the right to suspend, revoke or modify the benefit programs offered to employees.
Information contained in this guide, in the State of Kansas Health Plan Administrative Manual and in the insurance provider's certificate/contract takes precedence over verbal information.
Nothing in this guide shall be construed as a contract of employment between the State of Kansas and any employee, nor as a guarantee of any employee to be continued in the employment of the State, nor as a limitation on the right of the State to discharge any of its employees with or without cause.

ENROLLMENT/ELIGIBILITY INFORMATION

Eligibility

According to provisions of Kansas Administrative Regulation 108-1-1, an active employee is eligible to participate in the State of Kansas Health Plan if the employee is one of the following:

A. Any elected official of the State of Kansas;

B. Any other officer or employee of a State of Kansas agency who meets both the following conditions:

1. is working in one or more positions that together require at least 1,000 hours of work per year; and

2. is in a position that is not temporary. An employee who works under employment customs at any regents institution requiring less than a full calendar year of service shall not be considered temporary;

C. Any person engaged in a postgraduate residency training program in medicine at the University of Kansas Medical Center, but not including student employees of a state institution of higher learning;

D. Any person elected to a board position that requires less than 1,000 hours of work per year;

E. Any person serving with the foster grandparent program;

F. Persons participating under reduced service agreements outlined in K.S.A. 76-746, and amendments thereto; and

G. Any other class of individuals approved by the Kansas State Employees Health Care Commission, within the limitations set out in K.S.A. 75-6501 *et seq*., and amendments thereto.

The employee should contact their Agency Human Resources Office to inquire about the benefits eligibility of their position.

ENROLLMENT/ELIGIBILITY INFORMATION

Initial Enrollment Period/60-Day Waiting Period

The initial enrollment period for the Health Plan is limited. Employees should submit a completed Enrollment Form to their Agency Human Resources Office within 31 days of their date of hire or date of new eligibility. If the forms are not submitted to the Agency Human Resources Office within 31 days of the event, the employee is not allowed to enroll until the next Open Enrollment period unless they experience a qualifying mid-year change event (see Health Plan Mid-Year Enrollment Changes in this guide).

Employees must also submit the proper supporting documentation for each dependent enrolled in the State of Kansas Health Plan. This documentation includes, but is not limited to marriage licenses and birth certificates.

If an Enrollment Form is submitted within the initial 31-day enrollment period, the effective date of coverage is the first day of the month following the completion of a 60-day waiting period. Both the 31-day and 60-day time frames begin from the first day of work in a benefits eligible position. Time spent in a benefits ineligible position will be applied to the 60-day waiting period if there is not a break in service of more than three days.

Pre-Existing Conditions

The State of Kansas Health Plan does not apply a waiting period for pre-existing conditions for new employees and their dependents that enroll in Health Plan coverage during their initial enrollment period. Therefore, new employees who may have certificates of creditable coverage from other health plans need not use them if they enroll for State of Kansas Health Plan coverage during their initial enrollment period.

Coverage Options

The State of Kansas Health Plan offers the following types of coverage. Please refer to the current Benefit Information and Options for Active Employees for additional information. This document is available at the benefits website: http://da.state.ks.us/ps/benefits.htm .

Medical and Prescription Drug – Eligibility for all medical plans is determined by the participant's county of residence (based on the city and state of residence). Employees may choose from several medical plans including HMO's, PPO's and Managed Indemnity options. Prescription drug coverage is provided for all employees/participants enrolled in any State of Kansas medical plan. All dependents enrolled in medical coverage will also be enrolled in the prescription drug plan. Prescription benefits include a card that can be used at any contracting pharmacy.

ENROLLMENT/ELIGIBILITY INFORMATION

Dental – Dental coverage is available for all employees/participants enrolled in medical coverage. An employee may choose to enroll all of their dependents that are enrolled in medical coverage, or none, for coverage in the dental plan. If however, an employee elects to cover child dependents under medical AND dental coverage, the same child dependents must be enrolled in both plans.

Vision – Voluntary vision plans that offer specific coverage on lenses, frames, and on contact lenses. Discounts on laser eye surgery as well as other vision benefits are also available to eligible employees. Employees may enroll in the vision coverage level of their choice regardless of their medical or dental insurance enrollment. If, however, an employee elects to cover child dependents under medical **AND** vision coverage, the same child dependents must be enrolled in both plans.

Hearing Improvement Program (K-SHIP) - Employees who are enrolled in the State of Kansas Health Plan and their covered family members are eligible to receive a ten-percent discount off the cost of eligible services. Participants do not have to apply for coverage or fill out any forms to be eligible for the discount. Simply call one of the Clinics (refer to the Open Enrollment Information and Options for Active Employees book), tell them the participant is a State of Kansas Health Plan participant and schedule an appointment. At the time of the appointment, show a prescription drug plan card to verify eligibility.

Identification Cards - Separate identification (ID) cards and/or certificates of coverage for medical, prescription drug, dental and vision coverage will be sent to employees after the State of Kansas and the health plan(s) have processed the new enrollment elections. Employees should allow two to three weeks after the date of enrollment for enrollment to be established and ID cards and/or certificates of coverage.

The health plans will mail ID cards and/or certificates of coverage directly to the employee's home address. If an employee does not receive ID cards and/or certificates of coverage after three weeks, the employee should contact the applicable health plan and request ID cards and/or certificates of coverage are sent. Employees should carry their ID cards at all times to present whenever covered services or benefits are needed.

Questions - This guide contains an overview of the State of Kansas Health Plan. For more specific information, refer to the current Open Enrollment Information and Options for Active Employees Booklet, contact your Agency's Human Resources Office, or refer to http://da.state.ks.us/ps/benefits.htm and click on the link to the booklet. To go directly to the booklet, use Open Enrollment Benefit Information & Options
http://da.state.ks.us/ps/documents/oe03bklt.pdf [PDF Version] or
http://da.state.ks.us/ps/documents/oe03bklt.txt [HTML Version]

OPEN ENROLLMENT INFORMATION

Annual Open Enrollment Period

Open Enrollment for the Health Plan is usually held during October each year. An employee who enrolls during the Open Enrollment period will have coverage effective January 1 of the new Plan Year as outlined in the current Plan Year's Open Enrollment Information and Options for Active Employees Booklet.

Pre-Existing Conditions

The State of Kansas Health Plan does not apply a waiting period for pre-existing conditions for employees and their dependents that elect health coverage during the Open Enrollment period. Therefore, employees who may have certificates of creditable coverage from other health plans need not use them if they enroll in coverage during the Open Enrollment period.

Newly Eligible Employees

A newly eligible employee may enroll during their initial enrollment period. Enrollment forms should be submitted within 31 days of date of hire. If they complete initial enrollment before the 31-day deadline expires, the coverage will become effective the first day of the month following their 60-day waiting period. In addition, the employee may complete Open Enrollment for different coverage to be effective the beginning of the upcoming Plan Year.

Identification Cards

New identification (ID) cards and/or certificates of coverage for Open Enrollment changes will be mailed to the employee's home address in mid-December prior to the start of the new Plan Year. New ID cards and/or certificates of coverage will generally be mailed only if the employee has changed either a health plan or coverage level(s).

Beginning in January of the new Plan Year, if an employee does not receive a new ID card and/or certificate of coverage as listed above, the employee should contact the health plan and request ID cards and/or certificates of coverage.

COST OF COVERAGE

Employee and employer contributions for the State of Kansas Health Plan are subject to change for each Plan Year.

Health Plan coverage and rates are based upon semi-monthly payroll deduction periods. Health Plan employee rates are generally based upon the following criteria:

A. Full-time or part-time employment status of the employee's position.

B. For full-time employees, the State of Kansas generally contributes 95% of the cost of single Health Plan coverage and 35% of the additional cost for dependent coverage.

C. The amount contributed by the agency for part-time employees is generally 75% of the amount contributed for full-time employees.

D. Annual salary range of the employee's position:
   1. Less than $25,000
   2. $25,000 to $44,499
   3. $44,500 or more

E. Health plan(s) selected.

F. Coverage tier selected.

G. Employees who participate in the Health Risk Appraisal (HRA) will receive a discount of $5.00 per semi-monthly deduction period towards the cost of coverage. To be eligible for the discount, coverage must have an effective date of January 1, 2003.

NOTE: For current Health Plan rates, employees should refer to the Open Enrollment Information and Options for Active Employees Booklet for the current Plan Year. See the Questions heading in the Enrollment/Eligibility Information section of this Benefits Guide for web addresses.

DEFINITION OF DEPENDENT

A dependent is eligible to be covered under the State of Kansas Health Plan if they are one of the following:

A. An employee's lawful wife or husband. When the employee is divorced from the lawful wife or husband, the ex-spouse is no longer eligible to participate in the State of Kansas Health Plan except as allowed under COBRA continuation coverage. A three-page affidavit (see your Human Resources office) must be completed and submitted for common law spouse consideration.

B. An employee's unmarried child who;
   1. is less than 23 years of age,
   2. does not file a joint tax return with another taxpayer,
   3. receives more than half of their support from the employee, and
   4. is a U.S. citizen, a U.S. national or a resident of the U.S., Canada or Mexico at some time during the tax year.

C. The child of an employee's covered dependent child if such grandchild resides in the employee's household and meets the criteria of subsection (B) (1) through (4). A one-page affidavit (see your Human Resources office) must be completed and submitted.

D. An employee's unmarried child who is over the age of 23, who is not capable of self support because of mental retardation or severe physical handicap which existed prior to attaining age 23, and who has maintained continuous group coverage as a dependent child prior to attaining age 23. Such child must be chiefly dependent on the employee for support. A two-page affidavit (see your Human Resources office) must be completed and submitted.

E. The word "child" means in addition to the employee's own or lawfully adopted child, any stepchild or a child for whom the employee has legal custody. If the employee is divorced from the natural parent of the stepchild, such child no longer qualifies as the employee's stepchild, and is no longer eligible for coverage. As used in the preceding sentence, the term natural parent includes an adoptive parent.

ADDITIONAL DEPENDENT INFORMATION

Children of divorced parents - An employee may cover their dependent children if the children receive at least 50% of their support from one or both parents. The non-custodial parent who contributes at least $1,200 per year per child for support is presumed to have provided more than one half of the support of the child.

Grandchild - An employee may cover a grandchild if the employee has legal custody or has adopted the child; or if the grandchild lives in the employee's home, is the child of a covered dependent child, and the employee provides more than one half of the grandchild's support.

ADDITIONAL DEPENDENT INFORMATION

Dependents who are Employees – An employee who is eligible for coverage in the State of Kansas Health Plan is not eligible to be a covered dependent in the State of Kansas Health Plan.

Dependents May Not Be Covered in Duplicate – Eligible dependent children may not be covered in duplicate under the State of Kansas Health Plan.

Dependents residing out-of-country

A spouse who is not a U.S. citizen or who resides in another country is eligible for managed indemnity or PPO coverage when the employee is newly eligible, when newly married or at Open Enrollment. The employee will not be allowed to add the spouse to coverage if the spouse moves to the United States during the Plan Year.

Dependent children who are not U.S. citizens and who reside in another country are not eligible for coverage until they move to the United States. The employee will be allowed to add the children to coverage if the children move to the United States during the Plan Year (if added within 31 days of the change of residence). However, if added to PPO or managed indemnity coverage and the dependent children later return to another country during the Plan Year, coverage may not be dropped for these children until the next Open Enrollment period (unless enrollment is on an after-tax basis).

Adopted child - An employee may cover an adopted child if the petition for adoption has been filed with the court, if the employee has a placement agreement for adoption, or if the employee has been granted legal custody of the child. Supporting documentation must be provided in English and must be submitted to the employee's Agency Human Resources Office. Adopted children who are not U.S. citizens and who reside in another country are not eligible for coverage until they reside in the United States.

The State of Kansas and it's contracting health plans reserve the right to request documentation to support proof of dependency and/or residency.

NOTE: When enrolling dependent(s) for coverage in the State of Kansas Health Plan, the employee must certify that the dependent(s) meet the requirements for dependent coverage for the year in which the dependent(s) are being enrolled. Any attempt to enroll dependent(s) that do not meet the requirements will be considered fraud and will be subject to penalties as prescribed by law.

ENROLLMENT ELECTIONS

Enrollment elections must be made on a State of Kansas Enrollment Form, unless enrolling via AKSESS on the Internet during Open Enrollment. Enrollment Forms are available at the employee's Agency Human Resources Office and must be returned to the Agency for processing.

General Information

1. The employee must elect how to pay for the cost of coverage - before tax or after tax – refer to the section on Pretax Premium Option under KanElect. Pretax payment status may only be changed during Open Enrollment.

2. Employees may elect to participate in the Heath Risk Appraisal (HRA). In doing so, they will receive a discount of $5.00 towards the cost of coverage per semi-monthly deduction period. This discount is available only for enrollments effective January 1, 2003. Also, only those employees in active status effective January 1, 2003 will be allowed to enroll in HRA. If, during the plan year, an employee terminates employment and is then rehired or reactivated within 30 days, the employee must enroll in the same HRA election he or she had previously. If an employee is gone from state service for more than 30 days, he or she is not eligible to enroll in HRA until the next open enrollment period.

Medical Insurance Plan - Eligibility for all medical plans is determined by county of residence (based on the city and state of residence according to the U.S. Census Bureau). For HMO's, the employee and all covered dependents must reside within the designated enrollment area for the particular HMO. Employees may choose from any currently offered medical plan for which they are eligible. Employees may also choose to waive medical/dental/prescription drug coverage.

Medical and Prescription Drug Coverage Level - All employees and dependents enrolled in medical coverage will have the same level of prescription drug coverage. Employees may choose from among the following coverage levels for medical and prescription drug:

1 Member Only
2 Member and Spouse Only
3 Member and Child(ren) Only
4 Member and Family - with Spouse and Child(ren)
5 Waive Medical/Dental/Prescription Drug Coverage

HEALTH PLAN

Dental Insurance Plan – Employees may choose from any currently offered dental plan.

Dental Coverage Level - Single dental coverage is provided for all employees enrolled in medical coverage. An employee may enroll in dental coverage only if they enroll in medical/prescription drug coverage. Employees may choose from among the following dental coverage levels:

1 Member Only
D Member and Dependent(s) - dependent dental is available only if the same dependent medical/prescription drug coverage level is selected. All child dependents elected for coverage in the Dental plan must match those child dependents enrolled in medical/prescription drug coverage.

Vision Coverage Level - Employees may elect any level of vision coverage regardless of enrollment in a medical or dental insurance plan. However, if child dependents are covered under the medical plan, the child dependents covered under the vision plan must match those in the medical plan. Employees may choose from among the following coverage levels:

1 Member Only
2 Member and Spouse Only
3 Member and Child (ren) Only
4 Member and Family
5 Waive Vision Coverage

Identification Cards - Identification cards and/or certificates of coverage will be mailed to the employee's home. If an employee does not receive an ID card for each plan, they should contact the health plan and request an ID and/or certificates of coverage.

Required Information - For each employee and covered dependent, the following information is required:

- Relationship (e.g., child, spouse, stepchild, etc.). Documentation proving dependency or relationship must be provided.
- Full Name
- Social Security Number (for everyone over 60 days old)
- Gender
- Date of Birth
- PCP (Primary Care Physician) Number - for initial enrollment only in HMO plans. For all other PCP changes, the employee must call their medical plan.

NOTE: To be enrolled as a dependent under the employee's coverage in the State of Kansas Health Plan, the employee and the dependent must be enrolled in the same health insurance plans.

MID-YEAR ENROLLMENT CHANGES

Changing Primary Care Physician (PCP)

In order for an employee to change their PCP designation during the middle of a Plan Year, **the employee must telephone their elected medical plan**. This is the **only** method an employee can use to change a PCP designation. PCP changes are the sole responsibility of the employee/participant. Do not contact your Agency's Human Resources office or the State of Kansas Benefits Section. Failure on the part of the employee/participant to do this may result in a reduction of benefits.

The change in PCP will generally become effective the first day of the month following the change. Medical plan telephone numbers are listed on the employee's ID card or can be found in the Open Enrollment Information and Options for Active Employees Booklet.

It is the employee's responsibility to verify that the PCP selected is appropriate for the enrolled medical plan and that the PCP is accepting new patients or is limited to existing patients only. In the event that an employee or dependent that is enrolled in coverage has selected an ineligible PCP, there may be a reduction in benefits.

Moving Out of Area

Employees who move from one enrollment area to another during the Plan Year have the following enrollment options:

A. If the employee is enrolled on a pretax basis, a new medical plan may be selected only if the old medical plan is not available in the new area of residence.

B. If the employee is enrolled on an after tax basis, the employee may change, without restriction, to the same level or lower level of coverage (e.g., family to single) with a new medical plan, including HMO's. This is allowable if a medical plan is available in the new area of residence that was not available in the old area of residence. Also, a new medical plan may be selected even if the prior medical plan is still available in the new area of residence.

If a change to a new medical plan is desired, a Change Form must be completed and signed within 31 days of the move. The change in medical plans will be effective on the first day of the month following the move.

Employees not making a change within 31 days of the move will only have out of area emergency coverage until a Change Form is completed and submitted. The effective date of the late change will be the first day of the month after the State of Kansas receives the Change Form.

MID-YEAR ENROLLMENT CHANGES

Active Military Duty

Note: Executive Order 2001-05 provides for special policies and procedures for state employees who are called or volunteer for active military duty in response to the events of September 11, 2001.

Employee coverage ends effective the last day of the month in which the employee goes on military leave without pay. Employees on military leave without pay may continue coverage for the next 30 days; the agency will continue to pay employer contribution for those initial 30 days. The employee is required to remit his/her premium (regular payroll deduction amount) to the agency to retain coverage during the 30 days following the effective date of the military leave without pay.

Employees may continue coverage beyond the 30-day leave without pay timeframe, but must remit the full premium to the Direct Bill Program. There will be no agency contribution. An employee with spouse, children, or full family coverage may elect to drop themselves and keep their spouse and/or children covered by the State Health Plan. However, employees must make the change within 30 days of the effective date of the military leave without pay. If State Health Plan coverage is continued, it will be the primary payer of claims and military coverage will be secondary.

Termination of Coverage

Employee

An active employee's health plan coverage ends upon the employee's retirement, termination of employment, or change to an ineligible position. The employee's last day of coverage is the last day of the month in which the employee last worked in an eligible position. The employee will then be offered COBRA continuation of State of Kansas coverage (refer to the continuation of coverage section in this guide).

An active employee's health plan coverage also ends upon non-payment of premium or upon termination of the group policy. Coverage will end either the last day of the month for which premiums were received or on the date the group policy is terminated.

Dependent

State of Kansas Health Plan coverage for dependents terminates on the last day of the month that the employee's coverage terminates; or on the last day of the month in which the individual ceases to be a qualified dependent under the plan's definition.

MID-YEAR ENROLLMENT CHANGES

Retirement

When an employee retires from State of Kansas employment, the employee must indicate on a Change Form whether or not they wish to continue in the State of Kansas Health Plan through the Direct Bill Program. If continued coverage is desired, a Change Form must be completed 30 days prior to the employee's retirement in order to ensure continuous coverage between active employee coverage and Direct Bill coverage.

The effective date of the change to the Direct Bill Program will be the first day of the month following the employee's last day at work. The coverage ending date for active coverage will be the last day of the last month that the employee is active. Those enrolled in the Direct Bill Program must pay their premiums by automatic bank draft. Deductions will be made from the individual's bank account on approximately the 10th of each month for coverage for that month.

The employee may change their medical plan at the time of retirement and subsequent enrollment in the Direct Bill Program. Dependents may be dropped from coverage upon retirement; however, dependents may be added to coverage only if there is a qualifying mid-year event. Dependents may also be added to coverage during the next Open Enrollment period.

If the employee and/or covered spouse are age 65 or older when the employee retires, the employee and/or spouse must be enrolled in Medicare Part A. If the individual does not currently have Medicare Part B, they must apply for Medicare Part B. The Social Security Administration requires that the Agency Human Resources Office send retiring employees a letter containing health insurance information necessary to process the application for Medicare Part B coverage. When applying for Medicare Part B, the employee should present the letter to the local Social Security office.

Kansas Senior Plan C is available to Medicare eligible retirees and their Medicare eligible dependents. Kansas Senior Plan C offers the same medical benefits as the Medicare Supplemental Plan C. Both are designed to coordinate with traditional Medicare coverage. See the current Open Enrollment Information and Options for Retirees and Direct Bill Participants booklet for more information.

Employees who are planning to continue to work after they reach the age of 65 should go to their local Social Security office and apply for Part A of Medicare at least six months before they turn age 65. If the employee remains in the State's Health Plan, Medicare will not become their primary payer for health insurance benefits until they retire. Covered spouses who are turning 65 should also apply for Medicare Part A at least six months in advance of their 65th birthday.

For more information on retirement, the employee should contact their Agency Human Resources Office.

MID-YEAR ENROLLMENT CHANGES

Additions to Coverage

Newly Eligible Dependents

Dependents shall become newly eligible on the latter of:

1. The employee's initial date of eligibility; or
2. The date the individual first becomes an eligible dependent of the employee. This includes the following:

    A. A new spouse and/or stepchildren due to marriage;
    B. A new dependent child due to birth or adoption (the petition for adoption must have been filed with the court or there must be a placement agreement);
    C. A new dependent child due to new legal custody or guardianship (not power of attorney); or
    D. Dependent children listed on a Medical Withholding Order (K.S.A. 23-4,105).

Coverage for newly eligible dependents (see #2 above) may be added mid-year to the employee's current medical plan, but only if all of the following requirements are met:

1. The dependent is added to coverage within 31 calendar days of the qualifying mid-year event creating the new eligibility (by completing a Change Form);

2. Written documentation is provided (such as a copy of the birth certificate, petition for adoption, placement agreement, marriage license, custody agreement, etc.); and

3. The change in coverage is consistent with the qualifying event and/or complies with HIPAA regulations.

Except for newborn/adopted children, coverage and employee contributions generally will start the first day of the month following the event.

Coverage for newborn/adopted children will generally be effective on the date of birth, the date of filing of the petition for adoption or the date of the placement agreement. If the date of birth, date of petition for adoption, or date of the placement agreement is between the first and the fifteenth of a month, the employee contribution is due the first day of that month. If one of these events falls between the sixteenth and the last day of that month, the employee contribution is due the first of the following month. However, no benefits will be provided for the newborn/adopted child until the Change Form has been processed.

If the petition for adoption or the placement agreement is within 31 days of the birth of the child, the effective date of coverage will be the date of birth and the employee will be responsible for contributions as shown in the preceding paragraph.

MID-YEAR ENROLLMENT CHANGES

Non-Newly Eligible Employees and Dependents

Non-newly eligible employees and dependents are defined as:

> Employees and/or dependents for whom 31 days have passed since their initial eligibility for coverage.

Non-newly eligible employees and/or dependents may be added or dropped from Health Plan coverage (not including vision coverage) during the Plan Year but only if all of the following mid-year change requirements are met:

1. The change is a result of one of the events listed on the following pages and/or complies with HIPAA regulations,

2. The change is requested within 31 calendar days of the event (by completing an Enrollment or Change Form),

3. Written documentation of the event is provided (such as a divorce decree, death certificate, custody agreement, or statement from a spouse's employer), and

4. The change in coverage is consistent with the event and/or complies with HIPAA regulations.

NOTE: The effective date for the new coverage will generally be the first of the following month after the date of the qualifying event.

Deletions from Coverage

Dependent dental coverage may not be dropped during the Plan Year, unless dependent medical and prescription drug coverage are also dropped.

Vision coverage may not be dropped during the Plan Year. In addition, vision coverage cannot be changed during the Plan Year unless due to either a newly eligible dependent or a dependent becoming ineligible.

MID-YEAR ENROLLMENT CHANGES

PRETAX EVENTS

If an employee is enrolled pretax, and any addition or deletion to coverage will result in a change in employee contribution, there must be a qualifying status event for the change to be approved. Enrollment changes must also be consistent with the event and/or must comply with HIPAA regulations. Employees may change pretax status only during Open Enrollment each year (unless the 60-day waiting period was waived for initial enrollment). The change in status event must result in a gain or loss of eligibility for coverage in an employer-sponsored group health insurance plan. This gain/loss/change can be for the employee, spouse, or dependent and can be under either the State's plan or a plan sponsored by the spouse or dependent's employer. The requested change of election must then correspond with the gain/loss of coverage, and must be confirmed with documentation in the form of a letter from the employer on the employer's letterhead. All changes must be requested within 31 days of the event.

Employees who are enrolled in group health insurance on a pretax basis may make mid-year additions and deletions from coverage based on the following events.

A. Employee's marriage - may add or drop entire family if the family is picked up under the new spouse's employer's plan because the entire family is now newly eligible. The entire family is not newly eligible if the spouse's employer covered unmarried domestic partners.
B. Final divorce or court-approved legal separation (the first and last pages of the final divorce decree must be attached to the Enrollment or Change Form).
C. Birth or adoption of a dependent - may add entire family. May drop entire family only if the status change is due to a birth or adoption, and those family members are now newly eligible under some other employer's plan.
D. Gain or loss of legal custody of a dependent.
E. Change from part-time to full-time or from full-time to part-time employment by employee or spouse that affects cost, benefit level, or benefit coverage for employee, spouse and/or dependents. Change from benefits eligible position to benefits ineligible position by the employee, spouse or dependent. Termination or commencement of employment (includes retirement) of employee, spouse or dependent which affects benefits coverage for employee, spouse and/or dependents (an employee may change medical plan at the time of retirement). Any employment status change that affects eligibility.
F. Unpaid leave of absence by employee, spouse or dependent which affects the benefits coverage of employee, spouse and/or dependents. If the employee is rehired or reactivated within 30 days, he/she must step back into the same enrollment unless he/she experiences a status change event.

PRETAX EVENTS (cont.)

G. Significant changes in the health insurance coverage of the employee or spouse attributable to the spouse's employment. The loss of one participant's PCP is not an allowable change. The change under a spouse's plan must be the result of a status change event and result in a gain/loss of eligibility and coverage. An employee can make a mid-year change due to an Open Enrollment change made by a spouse or dependent.
H. Employee, spouse or dependent being called to active military duty.
I. Expiration of COBRA continuation benefits from a previous employer for an employee, spouse or dependent.
J. Change of residence of employee that requires a change of medical plans.
K. Death of a spouse or dependent.
L. Dependent turning age 23 or marrying (coverage will end the last day of the month of the birthday or date of marriage). If the birth date or date of marriage is on the first day of a month, the coverage ending date for that dependent will be the last day of the preceding month.
M. Employee, spouse or dependent gaining or losing government-sponsored medical card coverage, although terminating coverage is not allowable if the employee becomes covered under programs like SHIPS because these programs are not supposed to replace existing insurance. This may apply to other government card coverage.
N. Employee, spouse or dependent losing Medicare eligibility or becoming eligible for Medicare, and electing Medicare coverage as primary.
O. Dependent children identified under a Medical Withholding Order (K.S.A. 23-4,105) or Qualified Medical Child Support Order (the State group has the authority to add these dependent children without the consent of the employee).
P. Court Order requiring addition or deletion of coverage for a dependent child.
Q. Spouse or dependent moving outside an HMO enrollment area (employee may drop dependent coverage or may change medical plans in order to continue dependent coverage).
R. Failing to meet the 50% support requirement for a dependent child during the Plan Year. A notarized written statement from the employee must be attached to the Change Form, which states that the dependent does not receive 50% of their support from the employee for the entire tax year. The date of event will be the date of completion of the Change Form and the effective date will be the first day of the following month. If the Change Form is completed on the first day of a month, the effective date will be that day. If approved and coverage is dropped for the dependent, the dependent cannot be added back to coverage during the Plan Year.
S. Dependent children losing eligibility/coverage under another group health insurance plan.

MID-YEAR ENROLLMENT CHANGES

AFTER-TAX EVENTS

Employees who are enrolled in Group Health Insurance on an after-tax basis may make mid-year additions and deletions from coverage due to the following events:

A. All events as listed under Pretax Events;
B. Removing employee and/or dependents from group health insurance coverage for any reason (no documentation is required).

HIPAA DISCLOSURE REQUIREMENTS

Under the Department of Labor's (DOL) rules governing plan disclosure requirements, health plan sponsors must provide participants and beneficiaries with certain information. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) amended the content requirements for employee communication materials for group health plans. The required disclosure information is as follows:

Plan Participants' Rights

If a participant has any questions about this guide, their health benefits or about their rights, the participant should contact the following office:

U.S. Department of Labor
Pension and Welfare Benefits Administration
City Center Square, 1100 Main Street
Kansas City, Missouri 64105

Telephone: 816-426-5131

The participant may also contact the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210.

Newborns and Mothers Health Protection Act

Group health plans and health insurance providers offering group health insurance coverage generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a normal vaginal delivery. Nor may they restrict benefits for any hospital length of less than 96 hours following a cesarean section, or require that a medical plan obtain authorization from the plan or insurance provider for prescribing a length of stay not in excess of the above periods.

Prior Coverage Certification

Written certification of health plan coverage is automatically provided either when an individual's coverage is lost under the State of Kansas Health Plan, when coverage is lost under COBRA continuation or upon request within 24 months after either loss of coverage. Certification will be sent to the individual at their last known address and will identify the covered person, the period of coverage and any waiting periods.

HIPAA DISCLOSURE REQUIREMENTS

Special Enrollments/Notice of Employee Rights

If an employee is declining enrollment for himself/herself or their dependents (including their spouse) because of other health insurance coverage, the employee may in the future be able to enroll himself/herself or their dependents in this plan. This is allowable provided that the employee requests enrollment (by submitting a completed Enrollment Form) within 31 days after the other coverage ends. In addition, if the employee has a new dependent as a result of marriage, birth, adoption, or placement for adoption, the employee may be able to enroll himself/herself and their dependents, provided that the employee requests enrollment within 31 days after the marriage, birth, adoption or placement for adoption.

NOTE: The State of Kansas requires that written documentation of the marriage, birth, adoption or placement for adoption be provided. Employees should refer to the Mid-Year Enrollment Changes section in this guide for more information concerning special enrollments.

WOMEN'S HEALTH AND CANCER RIGHTS ACT

Effective January 1, 1999, the Federal Women's Health and Cancer Rights Act of 1998 requires group health plans, insurance companies, and health maintenance organizations (HMOs) that provide benefits for mastectomies to also provide coverage for:

A. Reconstruction of the breast on which the mastectomy was performed;

B. Surgery and reconstruction of the other breast to produce a symmetrical appearance; and

C. Prostheses and treatment of physical complications for all stages of a mastectomy, including lymphedema (swelling associated with the removal of lymph nodes).

The deductible and coinsurance provisions applicable to these benefits are consistent with the deductible and coinsurance provisions governing other benefits provided by the State of Kansas Health Plan. Coverage will be provided in a manner determined from consultation with the attending physician and the patient.

This notice fulfills the notice requirements of the Women's Health and Cancer Rights Act.

Any questions concerning the above benefits provided under the State of Kansas Health Plan should be directed to the employee's medical plan.

CONTINUATION OF COVERAGE - COBRA

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) was enacted in 1986. The law requires that most employers sponsoring Health Plan plans offer employees and their families the opportunity for a temporary extension of health coverage, at group rates, in certain instances where coverage under the plan would otherwise end.

This section is intended to inform employees of their rights and obligations under the continuation of coverage provisions of the law. **Both the employee and spouse should read this section carefully.**

If the **employee** is covered by Health Plan, the employee has the right to choose continuation coverage if they lose their coverage due to:

- A reduction in their hours of employment; or
- The termination of their employment (for reasons other than gross misconduct).

If the **spouse of an employee** is covered by the employee's Health Plan, the spouse has the right to choose continuation coverage if they lose coverage due to any of the following reasons:

- The death of their spouse (the employee);
- Termination of their spouse's employment (for reasons other than gross misconduct) or reduction in their spouse's hours of employment; or
- Divorce or legal separation from their spouse.

If a **dependent child of an employee** is covered by the employee's Health Plan, the dependent child has the right to choose continuation coverage if they lose coverage due to any of the following reasons:

- The death of their parent (the employee);
- Termination of their parent's employment (for reasons other than gross misconduct) or reduction in their parent's hours of employment;
- Their parent's divorce or legal separation;
- Their parent becoming entitled to Medicare; or
- The dependent child ceasing to be a dependent under the Health Plan (such as turning age 23 or marrying).

CONTINUATION OF COVERAGE - COBRA

Under the law, the employee has the responsibility to inform their Agency Human Resources Office of the occurrence of certain events. These events include divorce or legal separation, or a child losing dependent status under the Health Plan. Notice must be given within 60 days of the latter of (1) the date of the event or (2) the date on which coverage would end under the plan because of the event. The Agency Human Resources Office has the responsibility to notify the Division of Personnel Services Benefits Section of the employee's death, termination, or reduction in hours of employment.

When the Division of Personnel Services Benefits Section is notified that one of these events has happened, a COBRA notification letter will be mailed to the employee or the family member detailing the right to choose continuation coverage. The individual has 60 days from the date of the qualifying event OR the date of the letter, which ever is later, to elect continuation coverage by returning the Enrollment Form that is enclosed with the notification letter. People covered under COBRA will receive information and make payments to a third party administrator, currently CompLink.

The individual does not have to show that they are insurable to choose continuation coverage. However, continuation coverage under COBRA is provided subject to their eligibility for coverage. The State of Kansas reserves the right to terminate the individual's COBRA coverage retroactively if they are determined to be ineligible.

If the individual does not choose continuation coverage, their Health Plan coverage will end on the last day of the month in which the qualifying event occurred. If COBRA coverage is chosen, the effective date will be retroactively assigned to the coverage ending date of the active employee coverage.

If the individual chooses continuation coverage, the medical plan is required to provide coverage which, as of the time coverage is being provided, is identical to the coverage provided to similarly situated active employees or family members. The law requires that the individual be afforded the opportunity to maintain continuation coverage for 36 months unless they lost group health coverage because of a termination of employment or reduction in hours. In those cases, the required continuation coverage period is 18 months. These 18 months may be extended to 36 months from termination of employment if other events such as a death, divorce, or legal separation occur during that 18-month period.

The 18 months may be extended to 29 months if an individual has been approved as disabled (for Social Security disability purposes within 60 days of the qualifying event) and the medical plan is notified of that determination within 60 days. The affected individual must also notify the medical plan within 30 days of any final determination that the individual is no longer disabled. In no event will continuation coverage last beyond 3 years from the date of the original COBRA qualifying event.

CONTINUATION OF COVERAGE - COBRA

Under the law, the individual may have to pay all or part of the premium for their continuation coverage. Premiums are due on or before the first day of each month of coverage. There is a grace period of at least 30 days for payment of the regularly scheduled premium. The law also says that, at the end of the 18 month or 3 year continuation coverage period, the individual must be allowed to enroll in an individual conversion health plan provided by the medical plan(s).

However, the law also provides that the individual's continuation coverage may be terminated for any of the following four reasons:

- The State of Kansas no longer provides Health Plan coverage to any of its employees;
- The premium for the continuation coverage is not paid on time;
- The individual becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition they may have; or
- The individual extended coverage for up to 29 months due to their disability and there has been a final determination that they are no longer disabled.

For additional information concerning COBRA continuation coverage, the employee or spouse should contact the employee's Agency Human Resources Office.

CONTINUATION OF COVERAGE – DIRECT BILL PROGRAM

An individual is eligible for participation in the State of Kansas Health Plan as a Direct Bill Program participant if they are:

A. Any former elected state official;

B. Any retired state officer or employee who is receiving retirement benefits under K.S.A. 74-4925, and amendments thereto, or from the Kansas Public Employees Retirement System;

C. Any totally disabled former state officer or employee who is receiving benefits under K.S.A. 74-4927, and amendments thereto;

D. Any surviving spouse or dependent of a qualifying participant in the health care benefits program. The spouse or dependent must have been covered under the State immediately before the date of death of the participant or retiree;

E. Any active State participant who was covered under the State immediately before going on approved leave without pay. Participation due to leave without pay status is limited to one year;

F. Any blind person licensed to operate a vending facility as defined in K.S.A. 75-3338, and amendments thereto; and

G. Any former state officer or employee who separated from state service when eligible to receive a retirement benefit but, in lieu of that, withdrew that individual's employee contributions from the retirement system.

Important note: All employees retiring after January 21, 2001 will not have the option to re-enroll in the State of Kansas Health Plan after they drop from the State of Kansas Health Plan. Retiring employees will be allowed to re-enroll if they maintain continuous coverage under the State Health Plan as a dependent.

For example, a state employee retires from the state on January 2, 2001 and they do not remain on the state's health plan either on Direct Bill or as a dependent. This retiree will be allowed to re-enroll in the state's health plan. Conversely, a state employee retires from the state on February 22, 2001. They also do not remain on the state's health plan either on Direct Bill or as a dependent. This retiree will **NOT** be allowed to re-enroll in the state's health plan.

For more information on the Direct Bill Program, the employee should contact their Agency Human Resources Office.

CONTINUATION OF COVERAGE – FAMILY AND MEDICAL LEAVE ACT

The Federal Family and Medical Leave Act of 1993 provides that eligible employees are entitled to continuation of Health Plan benefits up to a maximum of 12 weeks for:

- The serious health condition of the employee that makes the employee unable to perform the functions of the employee's position; or
- Care for the employee's spouse or parent with a serious health condition; or
- The birth of the employee's child or placement of a child with the employee for adoption or foster care and care of the child upon birth or placement in the employee's home.

Employees on FMLA leave must continue to pay their portion of the Health Plan premium. If the employee's payment is 30 or more days late, the State will **not** contribute the employer's portion of the premium and coverage may cease until the employee returns to work. Upon return to work, coverage will be restored if it has lapsed due to the employee not making the required premium payments.

If an employee fails to return to work after the FMLA leave has been exhausted or expires, the employee will be required to reimburse the State for the employee's portion of the Health Plan premiums paid during the employee's unpaid portion of FMLA leave. Reimbursement will not be required if the employee is unable to return to work because of:

- Continuation, reoccurrence or onset of a serious health condition of the employee or the employee's family member which would otherwise entitle the employee to leave under FMLA; or
- Other circumstances beyond the control of the employee.

For more information concerning this continuation program, the employee should contact their Agency Human Resources Office.

GENERAL INFORMATION

KanElect is offered by the State of Kansas to benefits eligible employees and is an Internal Revenue Code (IRS) Section 125 plan. It allows the employee to pay for Health Plan premiums, non-reimbursed health care expenses, and dependent daycare expenses with pretax dollars. An employee can save an estimated 25-40% in taxes on that portion of their salary that is used for these qualifying expenses.

KanElect Options

The KanElect Program offers three benefit plans:

Pretax Premium Option - allows the employee to pay for the cost of Health Plan premiums with pretax or after-tax dollars.

Health Care Flexible Spending Account - allows the employee to use pretax dollars to pay health care expenses allowed by the IRS but not reimbursed by medical, dental, prescription drug or vision insurance.

Dependent Care Flexible Spending Account - allows the employee to use pretax dollars to pay for work related daycare expenses.

Tax Savings

Payment on a pretax basis means that the employee enters into an agreement with the State of Kansas to reduce their salary by the cost of Health Plan coverage or by the amounts elected for either, or both Flexible Spending Accounts. Since the employee's salary is reduced, the employee does not pay federal or state income taxes or social security taxes on these amounts. As a result, the employee's take home pay will increase by the amount they don't pay in taxes for the pretax benefits selected.

Initial Enrollment

All benefits eligible employees may elect to participate in the Flexible Spending Accounts even if they do not enroll in the Health Plan.

The initial enrollment period for Flexible Spending Accounts is limited. Employees should submit a completed Enrollment Form to their Agency Human Resources Office within 31 days of their date of hire or new benefits eligibility. If forms are not submitted within 31 days, the employee will not be allowed to enroll until the next Open Enrollment period unless they experience a mid-year qualifying change event for Flexible Spending Accounts.

Effective date of coverage is the first day of the month following completion of a 60-day waiting period. The waiting period begins with the first day of work for the State of Kansas in a benefits eligible position. Time spent in a benefits ineligible position will be applied to the 60-day waiting period if there is not a break in service of more than three days when an employee moves from a benefits ineligible position to a benefits eligible position.

GENERAL INFORMATION

Annual Open Enrollment Period

Employees electing to participate in either the Dependent Care or the Health Care Flexible Spending Account(s) for a new Plan Year must complete a new Flexible Spending Account Enrollment via AKSESS (Web Open Enrollment) during the annual Open Enrollment period.

Open Enrollment is generally held during the month of October each year. An employee who enrolls during the Open Enrollment period will have Flexible Spending Account coverage effective the first day of the new Plan Year as outlined in the Open Enrollment Information and Options for Active Employees Booklet.

Mid-Year Changes

Because KanElect is an IRS Section 125 plan, there are some restrictions imposed by the IRS regarding changes in coverage during the Plan Year. A participating employee cannot change their Health Plan pretax coverage level or the amount placed in the Flexible Spending Accounts until Open Enrollment unless they experience a qualifying status change.

All changes must be requested within 31 calendar days of the family status change event and must also include written documentation of the event. In addition, the requested change must be consistent with the event. A list of allowable status changes for each option of the KanElect Program is included in the section for that option.

However...KanElect is not for everyone

If the employee will need additional flexibility to drop out of Health Plan coverage during the year, the after-tax option may be better. If the employee is divorced and has children covered by court order or through an ex-spouse's employer, the after-tax option may offer more flexibility.

If the employee does not have some predictable dependent care expenses or health care expenses that will not be reimbursed, they should not elect the KanElect Flexible Spending Accounts.

Questions

This is an overview of the KanElect Program. For more specific information, the employee should refer to the specific section in this guide that deals with each of the three options, or contact their Agency Human Resources Office.

PRETAX PREMIUM OPTION

An employee enrolled in the State of Kansas Health Plan may elect to participate in the Pretax Premium Option. The pretax election must be indicated on an Enrollment Form, during the initial enrollment period. This election is made via AKSESS during Web Open Enrollment. Participation in the Pretax Premium Option reduces the amount of tax withheld from the employee's pay and increases their take-home pay.

Status Changes

According to IRS regulations, if the employee is participating in the Pretax Premium Option and they request a change in their coverage that will change their premium amount, they must first experience an approved status change as listed in this guide. In addition, changes in the Health Plan coverage **must be requested within 31 calendar days** of the qualifying event. The change in coverage will generally be effective the first day of the month following the event.

Supporting documentation of each status change is required. Examples include a copy of the marriage license, final divorce decree, birth or death certificate, custody agreement, adoption papers, statement from a spouse's employer or statement from the daycare provider. For more information, refer to the section in this guide on Mid-Year Enrollment Changes.

Waiver Option

If an employee does not want to participate in the Pretax Premium Option, they can indicate this on the Health Plan Enrollment Form or in AKSESS Web Open Enrollment. If this is the case, the employee will pay for the cost of Health Plan coverage on an after-tax basis.

KanElect Enrollment Form and Options

Each year, the annual election for Flexible Spending Accounts is based on the amount(s) selected on the KanElect Enrollment Form for new hires and mid-year changes or on the KanElect portion of AKSESS. To complete the enrollment process, the form should be given to the employee's Agency Human Resources Office. A new enrollment must be completed each year during Open Enrollment even if no change is desired.

The employee is responsible for reviewing the deductions on their first paycheck of a new Plan Year. If the deduction amounts are not correct, the employee should contact their Agency Human Resources Office within 14 days of the paycheck in order to make corrections. If corrections are not requested within 14 days of the employee's first payroll deduction for their Flexible Spending Account(s), changes will not be considered.

For more information concerning Flexible Spending Accounts, refer to the next section in this guide.

HEALTH CARE FLEXIBLE SPENDING ACCOUNT

The Health Care Flexible Spending Account can be used to pay for qualified medical, vision, prescription drug and dental expenses which are not reimbursed by health insurance.

The employee determines how much money they want to set aside for non-reimbursed health care expenses during a particular Plan Year. The employee then makes an annual election on the KanElect portion of Web Open Enrollment or a KanElect Enrollment Form for initial and mid-year enrollments, and that amount is withheld from their salary on a pretax basis. As the employee incurs health care expenses, they request reimbursement from the account by filing claims to ASI. The employee will receive reimbursement of their eligible expenses by check or by direct deposit into their own checking or savings account. The money that is reimbursed has not been taxed and will not be taxed.

An employee may not transfer money from one spending account into another spending account. Money from the Health Care Account cannot be used to pay for dependent daycare expenses, and money from the Dependent Care Account cannot be used to pay for health care expenses.

Eligible Expenses

According to IRS regulations, expenses which are eligible for reimbursement are those which would generally be deductible on a federal income tax return. Refer to the current IRS Publication 502, or link to ASI's website through the Benefits website (http://da.state.ks.us/ps/benefits.htm) for further information on qualifying expenses. Some examples of eligible expenses for the employee and their dependents include the non-reimbursed portion of:

- Medical care expenses, such as deductibles and coinsurance;
- Dental care and orthodontia expenses;
- Prescription drug or insulin expenses (excluding Viagra, nicotine patches, nicotine gum, and Retin-A);
- Treatment and procedures not covered by medical or dental insurance (excluding cosmetic surgery procedures);
- Vision care expenses, including exams, eyeglasses, and contact lenses;
- Hearing exams, hearing aids, and hearing aid batteries; and
- Other health care expenses permitted by the IRS.

An employee may not use this account to pay health insurance premiums for any individual, group coverage, or long term care expenses, even though these expenses are considered tax deductible on their federal income tax return. The same expense cannot be submitted to both health insurance and a Health Care Account.

HEALTH CARE FLEXIBLE SPENDING ACCOUNT

Eligible Expenses (continued)

The employee will be reimbursed only for expenses with dates of service between January 1 and December 31 of the Plan Year for which they are enrolled. Expenses that were incurred in a prior year, although being paid for in the current year, are not eligible for reimbursement. If an employee enrolls in the Health Care Account after January 1 of a Plan Year, they will be reimbursed for only those expenses incurred on or after their effective date of participation in the account.

How Much to Deposit

To participate in the Health Care Flexible Spending Account, an employee must complete and submit a KanElect Enrollment Form or complete KanElect Enrollment via AKSESS Web Open Enrollment. As of January 1, 2003 (amounts subject to change each Plan Year), the minimum and maximum pay period/annual amounts are:

Health Care Flexible Spending Account	Minimum	Maximum
24 deduction period employees / deduction 24 deduction period employees / per year	$ 8.00/ 192.00	$132.00/ 3,168.00
16 deduction period (at regents) / deduction 16 deduction period (at regents) / year	$12.00/ 192.00	$198.00/ 3,168.00

If an employee and their spouse are both State of Kansas employees and eligible to participate, they may each deposit the maximum per year in a Health Care Flexible Spending Account. However, they must submit each eligible claim **to only one** account.

The employee's annual Health Care Flexible Spending Account election will be divided by 24 semi-monthly deduction periods (or 16 for some regents) and deducted from 24 paychecks. New mid-year participants (new hires) will enroll with an annual election divided by the number of remaining deduction periods in the calendar year.

Status Changes

According to federal tax regulations, once an employee is participating in the Health Care Flexible Spending Account, they **cannot** change their election amount or stop their deposits until the next Open Enrollment period **unless** they experience one of the following **changes** in **status**:

- The employee's marriage, divorce or court-approved legal separation;
- The birth or adoption of a dependent;
- The death of a spouse or dependent;

HEALTH CARE FLEXIBLE SPENDING ACCOUNT

Status Changes (continued)

- The gain or loss of legal custody of a dependent;
- A dependent's eligibility is affected due to reaching age 23 or marriage;
- A change in the employment status of the employee, the employee's spouse or the employee's dependent such as a change from a benefits eligible position to a benefits ineligible position, termination or commencement of employment of the employee, spouse or dependent which affects FSA coverage for the employee, spouse and/or dependent;
- An unpaid leave of absence by the employee, spouse or dependent which affects the FSA coverage of the employee, spouse and/or dependent. If reactivated, the employee may step back into the same enrollment unless he/she experiences a status change event.
- The employee's leave or return from leave under the FMLA. Upon return from leave, the employee may step back into the same election unless he/she experiences a status change event.

All election changes must be requested within 31 calendar days of the event, must be consistent with the event, and must include supporting documentation of the event. An election change satisfies the requirements of the consistency rule only if the election change is on account of and corresponds with the change in status that affects eligibility for coverage under an employer's plan. If an employee does not enroll in the Health Care Flexible Spending Account during Open Enrollment, or when they first become eligible, they must wait to enroll during the next Open Enrollment period, unless they experience a qualifying status change event. A mid-year change in the employee's annual maximum election applies to expenses incurred after the effective date of that change.

Ending the Account

Health Care Flexible Spending coverage ends at the end of the month in which termination from State of Kansas employment occurs. If an employee terminates employment with the State of Kansas or stops making deposits when they have a change in status, they will face restrictions. They will have until March 31 following the end of the Plan Year to file claims that were incurred up to the end of the month of their termination or status change. In addition, if the employee terminates employment, the period they were covered on the Health Care Flexible Spending Account may be extended on an after-tax basis if they elect continuation of coverage under COBRA. If the State of Kansas rehires the employee in the same calendar year, they may not reenroll until the next Open Enrollment period.

When an employee goes on FMLA leave and wishes to continue their contribution to their account, they may make payments on an after tax basis. Otherwise, they may reactivate the account upon return from FMLA leave.

HEALTH CARE FLEXIBLE SPENDING ACCOUNT

Filing for Reimbursement

The employee may file claims for reimbursement from their Health Care Flexible Spending Account at any time during the year by completing a KanElect Reimbursement Form. Claims should not be submitted using State of Kansas postage or envelopes. The claims processing provider will not accept e-mailed or faxed claims. Claim forms, information line instructions, a direct deposit Enrollment Form and e-mail notification information will be sent to the employee after Open Enrollment or may be requested from their Agency Human Resources Office during the year. All forms may also be downloaded from the ASI website (link through http://da.state.ks.us/ps/benefits.htm). The employee mails the completed form and proof of expense to the address on the form. Proof of expense includes:

- A written statement from an independent third party stating that the medical, dental, prescription drug or vision expense has been incurred and clearly indicates the date the service was provided and the amount of the expense (such as a Blue Cross "Summary of Claims Processed" form); or
- If the service is not covered by insurance (such as eyeglasses or orthodontia), a written statement from the provider, such as an original invoice or contract for orthodontic expenses, indicating the patient's name, date and type of service, and amount of the expense. The IRS does not allow cancelled checks, statements of balance due or proof of payment as proof of expense.

For prescription drugs, the proof of expense must also show the name of the drug being dispensed. In addition, the IRS will not allow advance reimbursement of future or projected expenses from the Health Care Account (this includes future orthodontia expenses).

Reimbursement Payments

An employee will be reimbursed daily for eligible health care expenses. If the employee is enrolled in direct deposit and their claim is available for processing one day, then reimbursement to their account should occur on the next business day. A check or notice of direct deposit will be mailed to the employee's home address, or if enrolled in e-mail notification sent via the Internet. To enroll in direct deposit or e-mail notification, the employee should contact their Agency Human Resources Office or the claims processing provider. This Plan Year the claims processing provider is ASI.

- An employee may file claims until March 31 of the following year for eligible expenses incurred in the current Plan Year. An employee may not submit claims after March 31, even if there is money left in the account. The final claims will then be processed and, after April 30, the employee will forfeit any unclaimed funds in their Health Care Flexible Spending Account. The employee cannot submit claims incurred from a prior or future Plan Year.

HEALTH CARE FLEXIBLE SPENDING ACCOUNT

How to Plan Ahead

An employee should plan ahead for the effect of payroll reductions during their participation in the Health Care Flexible Spending Account. Keep in mind, at the start of each year, there will be health care expenses as well as payroll deductions for the account.

Benefits of the Health Care Account

A federal and state income tax deduction is available for health care expenses, but it may be to the employee's advantage to use the Health Care Flexible Spending Account. Federal tax regulations do not allow the employee to take the deduction and use the Flexible Spending Account for the same eligible expenses. A comparison of the Health Care Account and the federal income tax deduction is shown below:

Health Care Spending Account	Federal and State Income Tax Deduction
• All expenses reimbursed through the account are on a pretax basis. Expenses are exempt from tax. You will not pay taxes on them at a later date. • There is no Social Security tax on pay deposited to this account. • Deposits through payroll deduction help budget for expected health care expenses during the year.	• Only expenses that exceed 7.5% of adjusted gross income are deductible, and only if deductions are itemized. • Social Security tax is paid on health care expenses that are not paid through the KanElect Health Care Spending Account, even if they can be deducted on federal and state income tax returns. • Aside from a Health Care Spending Account, no other special account helps to budget for expected health care expenses or save taxes on these expenses during the year.

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

The Dependent Care Flexible Spending Account can be used to pay for an employee's eligible **work-related dependent care (daycare) expenses**.

The employee determines how much they will spend on dependent care during the year. These expenses must be employment-related, and are the amounts the employee will spend in order for the employee and/or their spouse, to be employed outside of the home. The employee then makes an annual election on the KanElect Enrollment Form or in AKSESS Web Open Enrollment and that amount is deducted from their paycheck on a pretax basis. As the employee incurs dependent care expenses, they request reimbursement from the FSA account by filing claims. The employee will receive reimbursement for their eligible expenses by check or direct deposit. The money that is reimbursed has not and will not be taxed.

The employee may not transfer money from one KanElect spending account into the other. Money from the Dependent Care Account cannot be used to pay for health care expenses, and money from the Health Care Account cannot be used to pay for dependent care expenses. Employees should not enroll prior to the birth of a child - in anticipation of daycare expenses for that child. No eligible daycare expenses can occur prior to the birth.

Who Can Use the Account

An eligible employee may elect to participate in the Dependent Care Account if they are:

- Single;
- Married, and their expenses are necessary for both the employee and their spouse to work; or,
- Married, and the employee's spouse is either disabled, actively seeking employment, or is a full-time student at least 5 months during the year.

Eligible Expenses

According to IRS regulations, eligible expenses for reimbursement are those expenses that are for the care and well being of the employee's dependent child. The child must be under the age of 13 or the care must be for a disabled dependent of any age (such as a parent) that is incapable of self-care and spends at least 8 hours per day in the employee's home. Camps in lieu of dependent care must be primarily for care of the dependent. Expenses for education, sports camps and overnight camps are not eligible except in extremely rare circumstances. Food and transportation expenses, when billed separately, are not eligible. (Please refer to the current IRS Publication 503 for further information on qualifying expenses). Eligible expenses include charges for:

- A licensed, certified or registered daycare facility or nursery school;
- An individual in the employee's home (other than their spouse, their qualified dependent under age 19, or a housekeeper); or,
- An individual in their home (assuming all State requirements have been met).

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

Eligible Expenses (continued)

An employee may not use this account to pay for a dependent's health care expenses. If the employee is divorced and is not the custodial parent, the employee should refer to the current IRS publication 503 for details.

The employee will be reimbursed only for daycare provided between January 1 and December 31 of the Plan Year for which they are enrolled. Expenses that were incurred in a prior year, although being paid for in the current Plan Year, are not eligible for reimbursement. If an employee enrolls in the Dependent Care Account after January 1 of a Plan Year, they will be reimbursed for only those expenses incurred on or after their effective date of participation in the account.

How Much to Deposit

To participate in the Dependent Care Flexible Spending Account, the employee must complete a KanElect Enrollment Form or AKSESS Web Open Enrollment. The minimum and maximum (subject to change each Plan Year) pay period/annual amounts are:

Dependent Care Flexible Spending Account	Minimum	Maximum
24 deduction period employees / deduction 24 deduction period employees / per year	$16.00/ 384.00	$208.33*/ 5,000.00*
16 deduction period (at regents) / deduction 16 deduction period (at regents) / year	$24.00/ 384.00	$312.50*/ 5,000.00*

*Subject to tax filing status

If the employee is:	They may deposit up to:
Single	$5,000 per year
Married, filing joint	$5,000 per year
Married, filing separately	$2,500 per year
Married, with a spouse who is disabled or a full-time student	$3,000 per year for 1 dependent or up to $6,000 per year for 2 or more dependents.

If the employee or their spouse earns less than the amounts shown, the maximum amount the employee may deposit is either their monthly income or their spouse's monthly income, whichever amount is lower. If the employee and their spouse are both State of Kansas employees and are eligible for the Dependent Care Flexible Spending Account, they may deposit no more than the defined maximum deduction per year between their two accounts combined, subject to the income limitations already stated.

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

How Much to Deposit (continued)

The employee's annual Dependent Care Flexible Spending Account election will be divided by 24 deduction periods (or 16 for some regents) and deducted from each semi-monthly paycheck (no deductions on the third check in January and August 2003). New mid-year participants (new hires) will enroll with an annual election divided by the number of remaining deduction periods in the calendar year.

Status Changes

According to federal tax regulations, once an employee is participating in the Dependent Care Flexible Spending Account, they cannot change the amount of money they put in their account or stop their deposits until the next Open Enrollment period unless they experience one of the following changes in status:

- The employee's marriage, divorce or court-approved legal separation;
- The birth or adoption of a dependent;
- The death of a spouse or dependent;
- A change in the employment status of the employee, the employee's spouse or the employee's dependent such as a change from a benefits eligible position to a benefits ineligible position, termination or commencement of employment of the employee, spouse or dependent which affects FSA coverage for the employee, spouse and/or dependents;
- An unpaid leave of absence by the employee, spouse or dependent which affects the FSA coverage of the employee, spouse and/or dependent. If reactivated, the employee may step back into the same enrollment unless he/she experiences a status change event;
- The employee's leave or return from leave under the FMLA. Upon return from leave, the employee may step back into the same election unless he/she experiences a status change event;
- A qualified dependent who reaches the age of 13;
- A change in the employee's dependent care provider (to include kindergarten)
- A significant increase or decrease in the dependent care rate of your current provider (excludes relatives).

All changes must be requested within 31 calendar days of the event, must be consistent with the event, and must also include supporting documentation of the event. An election change satisfies the requirements of the consistency rule only if the election change is on account of and corresponds with a change in status that affects eligibility for coverage under an employer's plan. If an employee does not enroll in the Dependent Care Flexible Spending Account during Open Enrollment, or when they first become eligible, they must wait until the next Open Enrollment period to enroll, unless they experience a change in status.

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

Ending the Account

If an employee terminates employment with the State of Kansas or stops making deposits when they have a change in status, they have until March 31st in the year following the end of the Plan Year to file claims which were incurred up to the end of the Plan Year. If the State of Kansas rehires the employee in the same calendar year, the employee may not reenroll until the next Open Enrollment period.

If the employee returns from a leave without pay, they may reenroll in the Dependent Care Flexible Spending Account.

Filing for Reimbursement

The employee may file claims at any time during the year from their Dependent Care Flexible Spending Account by completing a KanElect Reimbursement Form. Claims should not be submitted using State of Kansas postage or envelopes. The claims processing provider will not accept e-mailed or faxed claims. Claim forms, information line instructions, a direct deposit Enrollment Form and e-mail notification information will be sent to the employee after Open Enrollment or may be requested from their Agency Human Resources Office during the year. All forms may also be downloaded from the ASI website. The employee mails the completed form and proof of expense to the address on the form. Proof of expense includes:

- A receipt from the provider detailing the dates that dependent care services were provided and amount of the expense; and
- The Dependent Care provider's name, address, and Tax Identification Number or Social Security Number.

The IRS does not allow cancelled checks as proof of expense or payment.

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

Reimbursement Payments

The employee will be reimbursed for eligible dependent care expenses up to the balance currently on deposit in the employee's account. The IRS will not allow advance reimbursement of future or projected expenses from the Dependent Care Flexible Spending Account. Claims are processed within 24 hours following receipt. A check or notice of direct deposit will be mailed to the employee's home address, or the employee has the option of receiving an e-mail notice if direct deposit is activated.

The employee may file claims until March 31 of the following year for eligible expenses incurred in the current Plan Year. The employee may not submit claims after March 31, even if there is money left in the account. The final claims will be processed and, after April 30, the employee forfeits any unclaimed funds in their account. The employee cannot submit claims incurred from a prior or future Plan Year.

How to Plan Ahead

The first payroll deduction for Dependent Care Flexible Spending Accounts will be taken from the first paycheck of the Plan Year. An employee should plan ahead for the effect of payroll reductions during their participation in the Dependent Care Account. At first, they will need to have a cushion of enough money to pay their expenses after payroll reductions to the account. The Dependent Care Account deductions come out of their pay and they pay expenses directly to their provider. Then the employee submits a claim for reimbursement of expenses. Remember that no claim will be paid before the first paycheck of the Plan Year - when the account is funded.

Benefits of the Dependent Care Account

Current tax laws offer both a federal and state income tax credit for eligible dependent care expenses paid on an after-tax basis. The tax credit is a percentage of the employee's annual dependent care expenses based on the employee's family's adjusted gross income. The maximum amount of expenses eligible for the tax credit is $3,000 for one dependent and $6,000 for two or more dependents. Generally, any expense reimbursed through the Dependent Care Account reduces the amount of expenses eligible for the income tax credit.

Generally, the Dependent Care Account offers greater tax savings if the employee is:

- Single and their adjusted gross income is more than $30,000; or,
- Married, filing jointly and their family's adjusted gross income is more than $31,000.

The above information is based on approximate calculations. It does not take into consideration any individual tax circumstances. Because this issue is complex, the employee may want to consult a tax advisor to find out whether the Dependent Care Flexible Spending Account or the income tax credit is better for them.

WORKSHEET - FLEXIBLE MEDICAL BENEFITS

Use this sheet to estimate your out-of-pocket expenses for the new year. Consider any known factors that could impact these amounts. Remember you cannot change, increase or decrease your KanElect contribution during the Plan Year, unless your status changes. When increasing the annual election for Flexible Medical Benefits, you may only include expenses that are to be incurred after the effective date of the change of election.

HEALTH CARE EXPENSE REIMBURSEMENT ACCOUNT

Annual estimated expenses for medical services rendered in the upcoming Plan Year. Only use expenses **not reimbursed** by your medical, dental, and/or vision plans:

- Medical expenses, such as:
  - Deductibles and coinsurance $_____
  - Routine physical exams $_____
  - Well baby care $_____
  - Prescriptions (Insulin, Birth Control, etc.) $_____
  - Hearing aids or exams $_____
  - Other eligible expenses* $_____
- Dental expenses, such as:
  - Deductibles and coinsurance $_____
  - Routine check-ups $_____
  - Orthodontic (braces, etc.) -- paid only on a services rendered or monthly payment basis $_____
- Vision care expenses, such as:
  - Exams $_____
  - Eyeglasses or contacts $_____
- OTC Medicine and drugs (used to treat an existing medical condition) $_____

Total Annual Estimated Flexible Health Care Expenses $_____

*Eligible expenses include any expenses considered deductible by the IRS for federal income tax purposes. See IRS Publication 502 for more information.

DEPENDENT CARE ASSISTANCE

Qualifying expenses are those incurred for the care and well being of your dependent in order for you to be gainfully employed.

CHILD/DEPENDENT CARE REIMBURSEMENT ACCOUNT

- Annual payment to a child/dependent care facility or individual $_____
- Annual payment to other qualifying care providers $_____

Total Annual Estimated Child/Dependent Care Expenses $_____

GROUP LIFE AND DISABILITY INSURANCE

Group life insurance, long term disability insurance, optional group life insurance, death benefits and accidental death benefits are provided for benefits eligible state employees and are administered through KPERS (Kansas Public Employees Retirement System). The employee names a primary beneficiary(ies) and may name a contingent beneficiary(ies).

Group Life Insurance

All benefits eligible state employees have group life insurance coverage. The employer pays the entire cost of the coverage. The group life insurance coverage provides an insured death benefit, which is currently 150% of the employee's annual rate of compensation.

Upon termination of employment or retirement, an employee may convert the life insurance to an individual policy. A completed conversion form and the first month's premium payment must be made within 31 days of termination or retirement, whichever occurs first. This individual policy is sold by Security Benefit Group of Companies and is not available at group rates. While the cost of this insurance is competitive with other carriers, the primary advantage is that issuance of the policy does not require proof of good health by the former employee. The employee should contact their designated agent to receive information on converting group life insurance.

Long Term Disability Insurance

All benefits eligible State of Kansas employees have long term disability insurance coverage. The employer pays the entire cost of the coverage.

Disability income benefits provide a monthly benefit based on 66 2/3% of the employee's annual rate of compensation. To qualify for a disability benefit, an employee must be totally disabled for 180 continuous days. Disability income benefits are subject to reduction for benefits received from primary social security, worker's compensation, or any other employer-provided disability benefit.

As of July 1, 1998, the long term disability benefit is offset 100% for Workers Compensation. All members applying for KPERS disability **are required** to apply for Social Security benefits. If denied such benefits, the member must pursue and exhaust all administrative remedies of the Social Security Administration including reconsideration and hearings. During the time in which the member is pursuing Social Security benefits, any future Social Security benefits may be estimated and deducted from the KPERS disability benefits.

In no event will the disability income benefit be less than $100.00 per month. No benefits are payable as long as the member is receiving compensation from the employer. Withdrawal of contributions from KPERS forfeits entitlement to disability benefits under this program.

Long Term Disability Insurance (continued)

Qualifying members at the time of disability will receive benefits until the earlier of:

- Recovery from the disability;
- Retirement;
- Attainment of age 65 if disablement occurred prior to age 60;
- End of a five-year period or attainment of age 70, whichever is shorter, if disablement occurred on or after age 60;
- End of a one year period if disablement occurred on or after age 70; or
- End of a six-month period if disablement occurred after age 75.

Employees who qualify for disability income benefits receive continued group life insurance coverage, waiver of premium for optional group life insurance if under age 65 at the time of disability, and participating service credit for the period of disability. If the employee was disabled at least five years prior to death or retirement, the employee's annual rate of compensation for life insurance coverage or final average salary used for calculation of retirement benefits will be adjusted based on current adjustment factors in effect during the period of disability.

Members age 65 and over at time of disability must convert their optional group life insurance in order to keep the coverage.

Death Benefits

When an employee retires, KPERS provides the retiree a death benefit of $4,000 which in the event of the death of the employee, is payable to the employee's named beneficiary.

Accidental Death Benefits

If an employee dies as the result of an accident arising out of the performance of their duties, accidental death benefits are payable to the employee's spouse, to children under age 18 or up to age 23 if full-time students, or to dependent parents, in that order. Benefits are a $50,000 lump sum payment and a monthly amount based on 50% of the employee's final average salary subject to reduction for any benefits received under worker's compensation. Benefits are in addition to the insured death benefit and the return of contributions plus interest. The minimum benefit is $100 per month.

OPTIONAL GROUP LIFE INSURANCE

All benefits eligible employees may elect to purchase optional group life insurance coverage through additional payroll deductions. Employees must apply within 30 days following their first active workday or during an Open Enrollment period, which is held in the spring of each even numbered year. If the application is not completed and postmarked within 30 days, the application will be rejected.

Optional Group Life Insurance (continued)

Initial Enrollment Period

The initial enrollment period for Optional Group Life Insurance is limited. To enroll, employees must submit a completed Enrollment Form to Security Benefit Life, postmarked within 30 days of their first active workday in an eligible position. If the application is not submitted to Security Benefit Life, and postmarked within the designated time frames, the employee will not be allowed to enroll until the next Optional Group Life Insurance open enrollment period (see below). Coverage amounts are subject to underwriting guidelines. Effective date of coverage is dependent upon enrollment approval.

Biannual Open Enrollment Period

Employees may also enroll in optional group life insurance coverage during the Open Enrollment period that is held in the spring of each even numbered year. Coverage amounts are subject to underwriting guidelines. Effective date of coverage is dependent upon enrollment approval.

Coverage Amounts

Coverage levels range from $5,000 to $200,000 on the employee only. The insurance carrier must underwrite coverage levels over $15,000. Monthly rates are subject to change and are based on the age of the employee and the amount of coverage selected.

Conversion Option

Upon termination of employment or retirement, an employee may convert the life insurance to an individual policy. The completed conversion form and first premium payment must be made within 31 days of termination or retirement, whichever occurs first. This individual policy is sold by Security Benefit Group of Insurance companies and is not available at group rates. While the cost of this insurance is competitive with other carriers, the primary advantage is that issuance of the policy does not require proof of good health of the former employee. The employee should contact their designated agent to receive information on converting group life insurance.

For more information, contact KPERS (Toll-Free) at 1-888-275-5737 outside Topeka or 296-6166 in Topeka.

KPERS RETIREMENT

The Kansas Public Employees Retirement System (KPERS) was established in 1961 for State of Kansas public employees to provide a defined benefit pension plan. KPERS membership is mandatory for all employees in eligible positions regardless of age.

Contributions

Following one year of service, employees become members and begin contributing to KPERS (school employees and Kansas Police and Fire members become immediate members). Employee contributions are set by statute (currently four percent of gross compensation) and are excluded from gross income for federal income tax purposes. Employee contributions are taxable for state income tax purposes.

Employer contributions may fluctuate depending on the funding needs of KPERS. The employer contributions remain with KPERS at the time an employee terminates and withdraws.

Retirement Guidelines

Normal retirement for KPERS members is at age 65 with at least two quarters of service requirement. Members under age 65 may retire without reduction in benefits in the following situations:

- Members at age 62 with 10 years of service; or
- Members whose attained age plus years of service equal 85.

Members may retire with reduced benefits as early as age 55 if they have at least ten years of service. A reduction factor of 0.2% for each month between age 60 and 62 and 0.6% for each month between ages 55 and 60 will apply. For certain classes of employees, the following rules apply:

- *KPERS School and Non School* - retirement benefit is calculated by multiplying the Final Average Salary by years of service by 1% for Prior and 1.75% for Participating KPERS and in some cases, .0075% for non-credited school years.

- *Corrections Officers* - Normal retirement age is either 55 or 60 depending on employment group, or any age with 85 “points”. Benefits and calculations are the same as for all other KPERS employees.

- *Kansas Police and Fire* - Normal retirement age is 50, 55 or 60 depending on length of service and member type. Retirement benefit is final average salary x years of service x 2.5%. The maximum benefit cannot exceed 80% of final average salary.

Retirement Guidelines (continued)

- *Judges* - Normal retirement age is the same as for all other KPERS members. Retirement benefits for those who become judges after July 1, 1987 is final average salary x years of service x 3.5%. The maximum benefit is 70% of final average salary. The benefit formula for those who become judges before July 1, 1987 is 5% for each of the first 10 years plus 3.5% for each additional year to a maximum of 70% of final average salary.

- *Legislative Branch* - Persons employed before July 1, 1996 by the legislative branch may retire at age 65, if they have been employed for 50 or more days in 10 or more calendar years. Retirement benefit is $15 x years employed for 50 or more days by the legislative branch.

If death occurs before retirement, the employee's contributions plus interest are returned to the employee's beneficiary. If, however, at the time of death the employee met the age and service requirements to retire and the spouse is the only named beneficiary, the spouse may elect monthly benefits under any option in lieu of the contributions in a lump sum. If, at the time of death, the employee had at least 15 years of credited service but had not yet reached retirement age, the surviving spouse could leave the employee's accumulated contributions on deposit with the Retirement System. Then they can elect to receive monthly benefits under one of the available options at such time as the member would have become eligible for retirement.

Additional Information

Employees should contact KPERS online at http://www.kpers.org or by telephone at 1-888-275-5737 (outside Topeka) or 296-6166 (in Topeka) for detailed information about benefit calculations, partial lump sum option, estimate tools, terminations, annual statements and other KPERS matters.

DEFERRED COMPENSATION

Deferred Compensation is a voluntary defined contribution retirement plan established by the State of Kansas that offers employees a supplement to their KPERS retirement income. Deferred compensation reduces income taxes while helping retirement savings grow. This is how it works:

- The employee decides how much money they want to defer.
- The amount is automatically set aside from the employee's pay warrant and invested for the employee in the investment options chosen by the employee.
- The employee currently pays no federal or state income taxes on the deferred amounts or on any of its earnings.

The following example shows how deferring part of the employee's salary through the deferred compensation plan can increase retirement benefits while decreasing income taxes. Assuming that an employee wants to set aside $150 each month and that they are in a 33% combined Federal and state income tax bracket:

				After 10 Years			After 20 Years	
	After Tax Savings	Deferred Comp.		After Tax Savings	Deferred Comp.		After Tax Savings	Deferred Comp.
Monthly Payment	$ 150.00	$ 150.00	Total Payment	$12,000.00	$18,000.00	Total payments	$12,000.00	$18,000.00
Less income Tax (33%)	$ 50.00	None	Investment Earnings at 7.5%*	$ 5,793.03	$ 8,639.55	Investment earnings at 7.5%*	$31,373.07	$47,059.61
Net monthly Payment	$ 100.00	$ 150.00	Less income Tax on Earnings	-1,929.08	None	Less income tax on earnings (28%)	$10,447.23	None
Net yearly Payment	$1,200.00	$1,800.00	Total	$15,863.95	$26,689.00**	Total	$44,925.84	$83,059.00**

*7.5% rate of earnings is a hypothetical figure chosen for illustration only.
**This figure is pre-withdrawal and the amount shown will be subject to income tax.

How Much to Defer

The employee may defer a minimum of $11.54 per biweekly pay period or a maximum of the lesser of 50% of taxable income up to $11,000. During the last three years prior to the employee's normal retirement date, they may be eligible to defer up to $22,000 per year. If the employee wishes to increase the amount they currently defer, they may do so up to the legal maximum. The employee may increase, reduce or restart their deferral once every 90 days. They may also stop their deferral prior to the beginning of any pay period; however; they must wait 90 days to restart.

How Much to Defer (continued)

50 & Over catch-up option

Employees who are 50 or older will be eligible to defer an additional $1,000 above the $11,000 maximum. This amount will increase by $1,000 up to $5,000 in 2006.

Investment Options

At the time the employee joins the deferred compensation plan, they choose any one or a combination of investment options.

A combination of options may offer a balanced investment, both guarantees and opportunities for inflation hedge, and some preservation of capital and potential for growth.

While it is the State of Kansas that owns the annuity contract, the plan assets are set aside for the exclusive benefit of the participants and beneficiaries as required by law. The employee selects the investment options that will determine their plan benefits. This flexibility gives the employee the best opportunity for sensible retirement planning.

The employee may change their investment selection for both their accumulated funds and current deposits. Funds in the fixed account and the guaranteed accumulation account may be transferred with certain limitations.

Retirement Benefits

The plan offers several payout options. Generally, these are a lump sum, periodic payments, or payments for life.

If the employee dies before they retire, their named beneficiary is entitled to receive the total current cash value of their account, or they may select one of the payout options available under the plan.

Withdrawing from the Plan

An employee may stop their salary deferral at any time, restoring their compensation to its former level. Their deferred compensation account will continue to participate in investment experience.

If the employee wants to withdraw money from their account before retirement or separation from service, they must demonstrate an **"unforeseeable emergency"**. IRS code defines unforeseeable emergency as **"severe financial hardship to a participant resulting from a sudden and unexpected illness or accident to a participant or a dependent"**. It further states that this does not include the use of funds to buy a home or to send children to college.

Withdrawing from the Plan (continued)

If an employee stops working or changes employers, the value of their deferred compensation account may be paid to them when they leave or at any time in the future.

At separation from service an employee could choose to roll their deferred compensation plan to an IRA, 403(b), 401(a) 401(k) or 457(b) plan.

There are no surrender charges in the event of financial hardship or separation from service. In addition, there is no IRS penalty for withdrawal other than the payment of income taxes.

Considering This Plan

The employee should consider this plan if they have sufficient emergency funds and are:

- Paying substantial amounts of federal income taxes;
- In a dual-income family;
- Single with no dependents; or
- Currently investing money on an after-tax basis.

The employee should not defer compensation if they can't afford to reduce their current income or if they don't have a savings account to cover emergencies.

For additional information, contact the Deferred Compensation Plan Office at 1-800-232-0024 outside Topeka or 296-7095 in Topeka.

Website Address: www.ingretirementplans.com/custom/ks

LONG TERM CARE

Long Term Care is an optional benefit program which provides insurance coverage to pay some or all of the costs of assisted living when a person is unable to take care of their daily living needs. Covered services can be received in a nursing home, an assisted living center, through community care or at home. Participants can continue their plan when they retire or leave state service.

Eligibility

Employees, retirees, and spouses, children, brothers and sisters, parents and parents-in-law, grandparents and grandparents-in-law of active employees or retirees, may participate in the program. Active employees are eligible for modified guaranteed issue coverage if they enroll within 30 days of their hire date. After the initial eligiblity period, employees and all others are subject to full underwriting for participation. The employee or retiree does not need to participate for their spouses, parents, in-laws and children to participate.

Qualifying Event

Participants are eligible to receive services when they suffer from cognitive impairment or loss of at least 2 of the 6 activities of daily living (ADL's) for a period to last at least 90 days or a need for substantial supervision to protect health and safety due to severe cognitive impairment. Activities of daily living include bathing, continence, dressing, eating, toileting, and transferring.

Lifetime Elimination Period

There is a 90-day elimination period that needs to be satisfied only once per lifetime. The elimination period is similar to a deductible; it is the period of time you must pay for covered services before the plan begins to pay benefits. The elimination period is 90 consecutive calendar days.

Premium Waiver

This program includes a waiver of premium, which means participants do not pay premiums while they are receiving services. Premiums waived on a monthly basis beginning with the first (1st) day of policy paid benefits for nursing facility, assisted living facility or hospice care. Premiums waived after the 91st day of policy paid benefits for home health care or adult day care services.

Respite Care Services

This benefit provides for the cost of interim professional care services up to 21 days per year to relieve a spouse or family member who normally provides care.

Caregiver Training

Professional home-care training for assistance with activities of daily living (ADLs) and use and care of supportive equipment or disposable medical aids. Lifetime benefit is five times (5X) the daily benefit amount. There is no elimination period for this benefit.

Family Member Assistance
Care provided by a non-resident family member is eligible for coverage up to a lifetime maximum of thirty times (30X) the daily benefit amount. There is no elimination period for this benefit.

Personal Care Advisors
The personal care advisor is trained in long-term care situations and can assist participants and their families to assess the participant's care and arrange for needed services. This service is optional and provided at no additional cost to participants.

Premium Rates
Premium rates are age based and vary with the individual plan options. Age based rates are established when the participant enrolls and do not increase as the participant ages. All participants pay the same premium rates for the same plan.

Daily Maximum Benefits
Daily maximum coverage amounts include $100 or $150 for services provided in a nursing home, assisted living facility or for home care services. Higher daily maximum benefits are available to participants through MedAmerica. For additional information on other daily maximum benefit options, participants will need to contact MedAmerica.

Pool of Dollars
The lifetime maximum is a dollar amount which is derived by multiplying the plan amount (5-Year) by the daily benefit amount ($100 or $150), e.g. $100/day x 1825 (5 years)=$182,500.

Tax Treatment
Generally, the benefits received are not taxable and the premiums may be deductible, under certain circumstances. Existing federal law will not allow premiums to be reimbursed through a Flexible Spending Account for purposes of pre-tax savings. The MedAmerica program is a federally tax qualified program.

Premium Payment
Premium payment will be made through direct payment or electronic transfer on an annual, semi-annual, quarterly or monthly basis. Credit card payments can be made using either Visa or Mastercard. Premiums are paid on either a lifetime basis or participants may select the ten (10) year paid up option. Payroll deduction is available for employee premiums only. Payroll deduction is not available to nine month employees.

Inflation Protection
Inflation protection is included for all participants. Benefits will automatically increase an automatic five (5) percent each year, compounded annually. Participants over age seventy (70) may elect not to enroll in the inflation protection.

Spousal Discount
Premiums are reduced ten percent for each spouse when both are covered by MedAmerica.

Ten Year Paid Up Policy Option
Participants enrolling in LTC with MedAmerica will have the option to select a ten year premium payment option. Under the ten (10) year option, participants pay a higher premium for ten years and then the policy is paid up and no additional premiums are required.

Optional Riders Available for Additional Premium
The Spousal Benefit Transfer Rider allows spouses to share benefits and inherit the deceased spouse's remaining benefits.

For more information, contact MedAmerica at 1-877-212-6066.

HEALTHQUEST

HealthQuest, the State of Kansas health promotion program, is designed to enhance the health and wellness of employees and assist in the containment of health care costs. The Division of Personnel Services Benefits Section and the Kansas State Employees Health Care Commission jointly administer this program. Current programs and services are for State of Kansas employees and Non-State Public Employer groups.

Visit the HealthQuest web page for additional information about health and safety programs available to you: http://da.state.ks.us/ps/subject/healthquest.htm

Health Risk Appraisal (HRA)/Screening Program (HS)

For Plan Year 2003, HealthQuest is offering an incentive to participate in the new HRA/HS program that replaces HealthCheck. Participants will receive a $5 credit per semi-monthly ($120 per year) payroll deduction on their dental premium during Plan Year 2003. This credit replaces the non-tobacco user discount offered in Plan Year 2002 and is displayed on the dental rates page. To participate in this program, employees must sign up during Open Enrollment in October 2002 with an effective date of coverage of January 1, 2003. We have partnered with Most Healthcare Systems, Inc. to provide this program.

The program consists of a Health Screening at a mobile facility at or near your work place and includes tests for cholesterol, glucose, height and weight, blood pressure, and percent body fat. The on-line Health Risk Appraisal component consists of a questionnaire assessing general health parameters and lifestyle behaviors. These two components give participants a snapshot of their health risks and possible areas for improvement.

First, participants will complete the health screening. After they receive a copy of the results, they will take the on-line Health Risk Appraisal, which is located at a secure web site linked to the AKSESS portal. The health screening results will have been automatically entered. Participants may input results of comparable lab work completed within the past six months. HealthQuest will not reimburse participants for this health screening through their medical plan because the health screening is available at the mobile screening facility.

A software program will analyze the data and provide the participant with a confidential, individualized on-line report of the results and educational information about making healthy lifestyle changes to reduce their health risks.

Specific information about how to participate in the Health Screening will be sent prior to January 1, 2003 to those who sign up for the HRA/HS program.

Disease Management Programs

HealthQuest is partnering with AdvancePCS, the State's Pharmacy Benefit Manager, to add three disease management programs to its spectrum of services. These new programs will focus on identified areas of the Health Plan and will integrate pharmacy benefits, clinical services and patient support services into programs designed to help people achieve optimal health.

Disease Management Programs (cont.)

AdvancePCS will administer a series of disease management programs. The goal of these programs is to assist people in maintaining or enhancing their health through self-care management and effective communication with their physician. Many of the patient interventions used in the Building Better Health series include the use of condition or disease specific educational booklets, seasonal health reminder messages, medication cards, resource lists, telephonic outreach and other educational messaging. Some important facts to remember are:

- The programs are totally voluntary.
- The programs are completely confidential. No participant's personal medical information is shared with any State of Kansas agency.
- The programs are free to eligible members.
- The programs are a great way to become a more knowledgeable consumer of health services.

AdvancePCS will gear interventions towards physicians and patients in an effort to reinforce standards of physician practice, improve preventive care, increase communication between the patient and healthcare team and foster patient self-management skills. The following are descriptions of the three new disease management programs.

Cardiovascular Risk Reduction

According to the Centers for Disease Control, over 60 million Americans have some form of cardiovascular disease (CVD). Moreover, CVD is the nation's number one killer for men and women among all racial and ethnic groups. In 2000, CVD cost the nation $215 billion in direct and indirect health care expenditures. Despite understanding the role of cholesterol management, only one fourth of patients recommended for cholesterol therapy are being treated, more than half discontinue use by the end of year one, and many are not treated to target levels.

Patient Medication Safety Program

Medication safety has always been a concern, but that concern is rising due to the increasing number of prescription, over-the-counter, and herbal medications that patients have available to them.

Depression Management

Depression is a serious and common illness that can be effectively treated. According to the National Institute of Mental Health, almost 19 million Americans suffer from a depression disorder each year. Depression can affect anyone, although the risk is often greatest in people with chronic conditions.

Disease Management Programs (cont.)

To sum it up, these Disease Management programs are intended to help participants with chronic disease manage their care and improve their quality of life. More information about these and other health concerns is available to plan participants through the Building Better Health website. The identified programs will offer participants with chronic conditions an opportunity to take the next step in managing their care.

Educational Services

- The bi-monthly *Kansagram/HealthQuest Newsletter* contains four pages of health information covering nutrition, exercise, stress management, and self-care. Past issues are online at http://da.state.ks.us/ps/subject/healthquest.htm
- A smoking cessation self-help program is available with optional telephone support. Soon it will be available online at http://da.state.ks.us/ps/subject/healthquest.htm.
- Workshops are offered in the areas of stress management, exercise and healthy eating, and healthy aging.

Physical Activity

Special fitness events such as Winterfit and National Employee Health and Fitness Day are held annually. Winterfit is an on-line fitness incentive program that runs from December through February. All registrants receive a free wellness calendar, fitness log, and are eligible for T-shirt drawings at completion. To find out more about Winterfit, go to this HealthQuest link: http://da.state.ks.us/ps/subject/winterfit/.

LIFELINE

LIFELINE, the State of Kansas employee assistance program provides free, confidential help to any employee or immediate family member experiencing personal problems. In-person or telephone counseling is available for many problems including the following:

- Stress
- Depression
- Marital or family problems
- Child care and elder care issues
- Financial problems
- Legal Issues
- Drug or alcohol issues.

LIFELINE can be accessed 24-hours a day by calling 1-800-284-7575. For more specifics about the program, go to the HealthQuest web page: http://da.state.ks.us/ps/subject/healthquest.htm

HEALTHQUEST

A network of HealthQuest coordinators provides health promotion support at the agency level. For more information about any of the above health promotion activities or the HealthQuest coordinator network, call HealthQuest at 785-296-8525 or visit the HealthQuest web page: . http://da.state.ks.us/ps/subject/healthquest.htm

HealthQuest Mission

To partner with employees to improve their health and well-being

SAVINGS BONDS

The State's current payroll system allows employees to purchase $100, $200, $500, $1,000, $5,000 and $10,000 U.S. savings bonds to earmark minimum deductions as low as $5 per pay period. The purchase price of the bond is half of the face value. Bonds are issued and begin to earn interest after the full purchase price has been accumulated through payroll deductions.

The interest on savings bonds is exempt from state and local income taxes, and federal tax is deferred until the bonds are redeemed or until maturity. The investment accumulates steadily to provide a savings reserve for an employee's future needs.

Bonds purchased prior to May 1, 1997, but after May 1, 1995 earn market based rates from the date of purchase. Bonds purchased prior to May 1, 1995 but after March 1, 1993 and held for six months up to five years from issue earn four-percent interest. Bonds held for five to eighteen years from issue earn an average market-based rate or four percent, whichever is higher. Bonds can continue to earn interest for 30 years.

On April 30, 1997, the Secretary of the Treasury announced three important changes in the U.S. Savings Bond Program that affect **Series EE bonds purchased on or after May 1, 1997.** These changes are summarized below:

- Series EE bonds issued on or after May 1, 1997 will earn interest from the date of issue at rates equivalent to 90 percent of 5-year Treasury security yields. The new rates will continue to be announced on May 1 and November 1 of each year.

- Series EE bonds will now increase in value monthly, rather than every six months.

- A 3-month loss of interest will apply to bonds redeemed less than five years from date of issue. This feature is designed to encourage owners to hold their bonds for the longer term. It will not affect bonds held for five or more years.

The new terms will not apply to bonds with issue dates before May 1, 1997.

Employees may purchase multiple denominations, designate different owners/co-owners and beneficiaries for each bond and specify designated amounts or percentages for each account.

For more information concerning Savings Bonds, the employee should contact their Agency Human Resources Office or refer to the website listed below:

http://savingsbonds.gov/

LEARNING QUEST

The Kansas Learning Quest Education Savings Program is an optional benefit that provides State of Kansas employees a way to save for higher education. Learning Quest, an Internal Revenue Code (IRS) Section 529 college savings plan, is administered by the Kansas State Treasurer and managed by American Century Investments.

Account Information

- An account may be opened for any beneficiary—child, grandchild, a friend, even yourself.
- Account owners maintain control over their accounts and can change the beneficiary at any time.
- Accounts can be used for an education at any accredited or approved post-secondary school in the United States.

Tax Information

- Kansas taxpayers receive a deduction of up to $2,000 ($4,000 married, filing jointly) from their Kansas adjusted gross income per student, per year matching the amount contributed.
- Contributions are made with after tax dollars, and grow tax deferred.
- Qualified withdrawals are free from federal and state tax.

Investment Information

- The minimum investment to open an account is $25 with a monthly investment ($11.54 a paycheck) or a lump sum investment of at least $500.
- At the time an account is opened, the account owner selects a Learning Quest portfolio based on risk (conservative, moderate, or aggressive) and length of time until the money is needed.
- The account owner may switch their portfolio once a year without changing the beneficiary.

Withdrawal Information

- ***Qualified Withdrawals***
  - The account must be open for 12 months to make a qualified withdrawal.
  - Student must attend an accredited U.S. institution:
    - Public or private college or university
    - Community college
    - Vocational or technical school eligible for federal financial aid
  - Education expenses covered:
    - Tuition and books
    - Fees
    - Required supplies and equipment
    - Room and board

Withdrawal Information (cont.)

- ***Penalty Free Withdrawals***
  - Available if student receives a scholarship (equal to the value of the scholarship) or in the case of the death or disability of the student.

- ***Non Qualified Withdrawals***
  - May be made at anytime, for any reason.
  - Penalty on the earnings portion of the withdrawal.

For More Information

To receive more information on the Kansas Learning Quest Education Savings Program call 1-800-579-2203, or visit www.learningquestsavings.com and request an enrollment kit.

Accounts established under Learning Quest and their earnings are neither insured nor guaranteed by the State of Kansas, the Kansas State Treasurer or American Century.

LEAVE PLANS

The benefits described in the Leave Plans Section of this document are applicable to eligible classified employees and unclassified employees who follow Executive Order 98-7.

For leave information for the Legislative or Judicial Branches of Government, please contact your Human Resources Office. Judicial Branch employees may also refer to the Kansas Court Personnel System Rules.

VACATION LEAVE

Employees who are eligible for vacation leave will begin accruing vacation time the first day of employment.

Employees accumulate vacation credit based on length of service. Vacation leave accrual by an eligible employee during a pay period will be credited to the employee on the first day of the following pay period. Eligible non-exempt employees who work less than 80 hours in a biweekly payroll period will accrue leave based on a prorated schedule.

The maximum vacation accrual earned each payroll period and the maximum vacation leave balance that may be accumulated are as follows:

Length of Service	Maximum Biweekly Vacation Accrual Per Payroll Period	Maximum Accumulation
Less than 5 years	3.7 hours	144 hours
5 years and less than 10 years	4.7 hours	176 hours
10 years and less than 15 years	5.6 hours	208 hours
15 years and over	6.5 hours	240 hours

At the end of the last payroll period paid in each fiscal year, up to 20 hours of any accrued vacation leave that exceeds an employee's maximum accumulation of hours shall be converted to sick leave. After this conversion, all remaining vacation leave over the maximum accumulation of hours shall be forfeited at the end of the last payroll period paid in that fiscal year.

Vacation Leave (cont.)

Eligible employees are not charged vacation time for official holidays occurring during an employee's scheduled vacation. Both the employee and the supervisor must agree upon specific dates and times of vacation leave. Employees who separate from State service are paid for accumulated vacation leave (up to the maximum accumulation) and compensatory time credits when they are issued their last paycheck.

When an employee changes agencies or transfers to a leave eligible position, the employee's vacation leave will transfer to the new agency. The employee's new agency may require six months of service before a transferring employee may use vacation leave.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-4 (Vacation Leave) for more detailed information.

VACATION LEAVE – REGENTS

Unclassified employees at the Board of Regents Office and universities accrue up to 176 vacation leave hours in a fiscal year and the maximum accumulation at any time during the year is 304 hours.

The employee should contact the regent's Human Resources Officer for more detailed information.

HOLIDAY LEAVE

The State of Kansas provides paid holiday credit to eligible employees in recognition of special days throughout the year. These benefits are applicable to executive, classified and unclassified employees only. If you are interested in information for the legislative and judicial branches, contact your Human Resources Office.

Holidays for the State service include New Year's Day, Martin Luther King Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, the Friday following Thanksgiving Day, and Christmas Day. (The preceding Friday is observed when the holiday falls on Saturday; the following Monday is observed when the holiday falls on Sunday.)

The Governor may designate additional legal holidays in observance of a holiday or a holiday season. In addition, the Governor may designate a discretionary holiday. The memo announcing holidays for state service will include whether or not the Governor authorizes a discretionary holiday. If authorized, the discretionary day must be taken between the beginning of the first pay period of the calendar year and the last pay period of the calendar year and must be taken as a full day. For example, the first day to use the discretionary day for 2003 is December 22, 2002 and the last day to use it is December 20, 2003. New benefits eligible employees will be allocated the discretionary day following six months of employment.

Eligible full-time employees receive holiday credit for all observed holidays regardless of their work schedule. Less than full-time eligible non-exempt employees who have a regular work schedule receive holiday credit if the day falls within their regular schedule – those on irregular schedules do not receive holiday credit.

Employees must be in pay status the day before and the day following a holiday to receive holiday credit unless the appointing authority approves the credit.

Eligible non-exempt employees who work on a legal or officially observed holiday will be compensated with holiday premium pay or holiday compensatory time credits at the one and one-half rate for those hours worked.

If an employee is required to work both the legal and officially observed holidays, the employee will receive holiday compensation for only one day. If both days are designated legal holidays, holiday premium pay or holiday compensatory time will be applied to both days.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-2 (Holiday Leave) for more detailed information.

HOLIDAY LEAVE – REGENTS

If any listed or special holiday falls during a time when classes at the Regents institution are in session, such holidays shall not be observed by unclassified personnel at that Regents institution, e.g. Veterans Day.

SICK LEAVE

Eligible full-time employees' sick leave accrues at a maximum rate of 3.7 hours per biweekly payroll period. Eligible non-exempt employees who work less than 80 hours in a biweekly payroll period will accrue sick leave based on a prorated schedule.

Hours worked means hours in pay status.

Sick leave accrual by an eligible employee during a pay period will be credited to the employee on the first day of the following period.

Sick leave with pay shall be granted only for the following reasons:

1. Illness or disability of the employee, including pregnancy, childbirth, miscarriage, abortion and recovery therefrom, and personal appointments with a physician, dentist or other recognized health practitioner;
2. Illness or disability, including pregnancy, childbirth, miscarriage, abortion, and recovery therefrom, of a family member, and family member's personal appointments with a physician, dentist or other recognized health practitioner, when the illness, disability or appointment reasonably requires the employee to be absent from work;
3. Legal quarantine of the employee; or
4. The adoption of a child by an employee or initial placement of a foster child in the home of an employee, when the adoption or initial placement reasonably requires the employee to be absent from work.

Employees who become ill while on vacation may request all or part of the time charged to sick leave.

Former terminated employees who are reinstated into a permanent leave eligible position within a year will be credited with unused sick leave accrued at time of separation. (Does not apply to employees who retire from State service.)

Accumulated sick leave is transferable when an employee transfers to a leave eligible position or changes agencies.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-5 (Sick Leave) for more detailed information.

SICK LEAVE PAID AT RETIREMENT

State of Kansas Retirees, who have completed 8 or more years of service and have accumulated 800 hours or more of sick leave, will be compensated for a portion of that accumulation.

Compensation for accumulated sick leave is subject to KPERS retirement contributions if the employee was hired into a KPERS eligible position prior to July 1, 1993.

Retiring employees will be compensated:

240 hours (30 days) - with 8 or more years of service and who have accumulated 800-999 hours,

360 hours (45 days) - with 15 or more years of service and who have accumulated 1,000-1,199 hours, or

480 hours (60 days) - with 25 or more years of service and who have accumulated 1,200 hours or more.

The employee should contact their Agency Human Resources Office or refer to Kansas Statutes Annotated 75-5517 for more detailed information.

FUNERAL LEAVE

The State of Kansas provides funeral leave to eligible employees of up to six working days per occurrence with full pay.

The appointing authority or designated agent will make the final decision about whether or not to grant funeral leave and if so, length of leave after considering these factors:

1. Employee's relationship to deceased; and

2. Necessary travel time.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-12 (Funeral Leave) for more detailed information.

JURY DUTY LEAVE

The State of Kansas provides time off with no loss of pay for jury duty and other required appearances before a court or certain boards and commissions.

All classified employees in a regular position (or unclassified staff who follow K.A.R. 1-9-8) are eligible for jury duty leave.

The employee is granted leave of absence by the appointing authority for required jury duty. This is in order to comply with a subpoena as a witness before the civil service board, the Kansas Commission on civil rights, the United States EEO commission, or a court; and/or any appearance judged to be in the best interest of the State of Kansas.

Jury duty leave will be denied by the appointing authority when the employee is called as a witness on the employee's own behalf in an action in which the employee is a party.

Each employee granted leave under this section who receives pay or fees for a required appearance, excluding jury duty, shall turn over to the state the payment or fees in excess of $50.00. The employee may retain any amount paid to the employee for expenses in traveling to and from the place of the jury duty or required appearance. When any employee travels in a state vehicle for a required appearance before a court, or a legislative committee, or other public body, the employee shall turn over to the state any mileage expense payments received.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-8 (Jury Duty Leave) for more detailed information.

MILITARY LEAVE

Military leave is available without pay for those employees who enlist, are drafted or are otherwise commissioned as the result of orders requiring active duty in the Armed Forces.

Military leave is available with pay for up to 12 working days each year for those eligible employees in a regular position who, as National Guard or Reserve component members, participate in annual active duty for training.

Military leave shall be counted as part of the employee's length of service. Sick leave and vacation leave shall not be earned or accrued during military leave without pay.

Job Protection

a) An employee's position will be protected for as long as they are required to remain on active duty. This protection will not include classified temporary employees, only unclassified temporary employees with benefits.

b) An employee must return to state employment within 90 days after release from active duty or within one year after discharge if hospitalized.

c) Upon returning to their state position after release from active duty, employees will be protected from termination based on performance issues for up to one year. This is intended to allow these employees time to reacclimatize to their state position after returning from military leave.

Compensation

a) General increases and step increases that would have been received had the employee not been on military leave without pay will be granted when the employee returns to work from active duty.

b) Bonuses for which the state has already made an obligation will be paid while the employee is on military leave without pay.

c) Employees will receive longevity bonuses that they would have received had the employee not been on military leave without pay.

Length of Service

a) Length of service will continue while the employee is on military leave.

b) The time spent on military leave will be counted as time worked toward length of service, eligibility for longevity pay, and the accrual rate for vacation leave.

MILITARY LEAVE

Payment of Leave and Compensatory Time

a) At the request of employees, agencies must provide a payout of the total balance (not to exceed the maximum allowed by K.A.R. 1-9-4) or a portion of the balance of any vacation leave, compensatory time, and holiday compensatory time accrued prior to leaving for active duty. The leave or compensatory time accrued during the pay period of the payout should not be paid out at the time the employee leaves for active military duty. This leave and/or time will be available for use when the employee returns from military duty.

b) Employees will have the option to buyback either all or none of their vacation leave that was paid out, at the value that it was paid out, regardless of subsequent increases to the employees' rate of pay. Employees must exercise this option within 30 days after returning to work.

Leave Accrual and Usage

a) Vacation and sick leave will not accrue while the employee is on unpaid military leave or military leave without pay.

b) Employees may request and use accrued vacation leave, compensatory time, and holiday compensatory time prior to being placed on military leave without pay.

Health Plan

a) Employee coverage ends effective the last day of the month in which the employee goes on military leave without pay.

b) Employees on military leave without pay may continue coverage for the next 30 days; the agency will continue to make the employer contribution for the 30 days. The employee is required to remit his/her premium (regular payroll deduction amount) to the agency to retain coverage during the 30 days following the effective date of the military leave without pay.

c) Employees may continue coverage beyond the 30-day leave without pay timeframe, but must remit the full premium to the Direct Bill Program. There will be no agency contribution. An employee with spousal, children, or full family coverage may elect to drop themselves and keep their spouse and/or children covered by the State Health Plan. However, employees must make the change within 30 days of the effective date of the military leave without pay.

MILITARY LEAVE

Health Plan (continued)

d) Employees who dropped coverage while on military leave without pay may reenter the plan they left upon returning to work if it is within 90 days of release from military leave. There is no waiting period.

e) Employees on military leave without pay during Open Enrollment may enroll in any coverage for which they are eligible, without penalty, upon their return to active employment status, if done so within 90 days of release from military leave.

KanElect Flexible Spending Accounts (FSA) for Health Care and Dependent Care

a) Employee participation ends on the last day of the month in which leave begins.

b) Employees may choose to continue enrollment only in the Health Care FSA under the state plan (personal payment of contribution). If an employee chooses to continue their HealthCare FSA while on military leave, they would need to make the non-pretax payment (semi-monthly/monthly or lump sum) to Kan Elect c/o DPS Health Benefits Section.

c) The employee may terminate active enrollment and reenter the plan upon return from military leave without a waiting period.

Deferred Compensation

a) If enrolled, participation will be suspended on the last paycheck.

b) Employees may reenter the program upon returning to work.

c) Hardship withdrawals can be considered based on IRS guidelines.

Life Insurance and Death Benefit

a) Employees retain state provided coverage at no cost to employees while on military leave.

b) Employees may convert Optional Group Life Insurance to individual coverage at non-group rates, provided the employee remits the premium to Security Benefit Life (SBL) as specified by SBL.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-7 (Military Leave) for more detailed information. To view the bulletin, see the following web page.

http://da.state.ks.us/ps/documents/bulletins/0103.htm

FAMILY AND MEDICAL LEAVE

The Family and Medical Leave Act of 1993 (FMLA) allows eligible employees to be away from work for 12 work weeks of paid or unpaid leave during any 12 month period beginning with the first day leave was taken. The eligible employee is returned to the same or an equivalent position with equivalent pay, benefits and terms and conditions of employment when returning from FMLA leave.

FMLA can be used for an employee's own qualified health condition, or a family member's qualified health condition.

An employee is eligible for FMLA if the following conditions are met:

1. The employee has been in pay status for any part of a week for at least 52 weeks, including any period of paid or unpaid leave during which other benefits or compensation were provided to the employee by the State of Kansas.

2. The employee has worked for the State of Kansas at least 1,250 hours during the 12-month period immediately before the beginning of the leave designated as FMLA leave.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-27 (Family and Medical Leave Act of 1993 – FMLA) for more detailed information.

SHARED LEAVE

The State of Kansas has in place a donated shared leave program to benefit eligible employees who have exhausted all sick and vacation leave.

Eligible employees who have worked continuously for the State of Kansas for at least six months and who have exhausted all paid leave may apply for shared leave for an employee's own qualified health condition, or for a family member's qualified health condition.

If eligible, State of Kansas employees donate vacation or sick leave to a specific shared leave recipient, the recipient can then record shared leave and continue to receive pay instead of having to record leave without pay.

An employee is eligible to donate leave if he or she has a vacation leave balance of at least 80 hours and a sick leave balance of at least 480 hours after donating the respective leave, unless the donation occurs at the time of separation from service.

The employee should contact their Agency Human Resources Office or refer to Kansas Administrative Regulation 1-9-23 (Shared Leave) for more detailed information.

SHARED LEAVE – REGENTS

Regents institutions have in place a donated shared leave program to benefit eligible employees who have exhausted all sick and vacation leave, discretionary day and compensatory time credits.

Eligible employees who have worked continuously for a Regents Institution for at least six months and who have exhausted all paid leave may apply for shared leave for an employee's own qualified health condition, or for a family member's qualified health condition.

If eligible, Regents employees donate vacation or sick leave to a specific shared leave recipient, the recipient can then record shared leave and continue to receive pay instead of having to record leave without pay.

NOTE: Unclassified faculty and staff at Board of Regents institutions can donate sick leave only.

An employee is eligible to donate leave if he or she has a vacation leave balance of at least 80 hours and a sick leave balance of at least 480 hours after donating the respective leave, unless the donation occurs at the time of separation from service.